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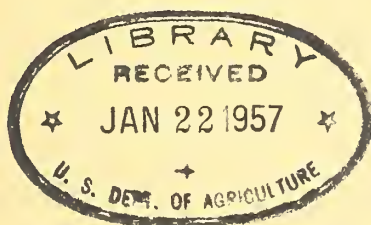
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UNITED STATES DEPARTMENT OF AGRICULTURE

² U.S. FOREST SERVICE



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**COST ACCOUNTING
MANUAL**



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SERVICE COST ACCOUNTING

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SERVICE COST ACCOUNTING

EFFECTIVE JULY 1, 1936

PURPOSE OF COST ACCOUNTING

Service cost accounting records are maintained to furnish accounting information for (1) preparation of reports to the Forester, the Secretary of Agriculture, Bureau of the Budget, the Congress, and the public, concerning the financial operations of the Forest Service, (2) activity, functional and unit costs to assist in efficient and economical use of funds, and (3) use in the control of cost management of resources in relation to the public benefits derived therefrom.

COST ACCOUNTING OBJECTIVES

The more important principles, which will serve as guides in the application of the detail procedure and which should be kept in mind by those responsible for cost information desired, are set up as objectives and provide for the following: (1) simplicity and flexibility, (2) separation of resources, (3) separation of units of organization, (4) separation of overlapping cost elements, (5) legitimate reduction of overhead through direct charging, (6) separation of investment and current expense, (7) separation of expense contributing to production of income, (8) cumulative record of investments, (9) depreciation as a cost, (10) adjustment of deferred and accrued charges, (11) maintenance as a distributed cost, (12) maintenance of activity cost records on forests without regard to appropriations. Because the work of the Forest Service is so diversified and interwoven, clean cut charging of expenditures recognizing these objectives cannot be made one hundred per cent effective, but, by striving for the distinctions enumerated, the classification of accounts prescribed may be developed so that it will give information sufficiently accurate for practical use.

Simplicity.

Simplicity is to be striven for in not seeking to record unnecessary information and in presenting the principles on which the accounting system is constructed so that those responsible for recording the data may do so with a clear understanding of what the Service is endeavoring to accomplish. Activity definitions serve as immediate and necessary guides. An understanding of the objectives behind them will be of assistance in case of doubt as to how things should be charged, in much the same way that proper marking of timber is aided by an understanding of the objective.

Flexibility.

The system is flexible in that Service accounts may be expanded or divided as desired to obtain more detailed information. Work varies by Regions and Forests to such extent that the degree of detail needed on one unit for a particular activity is not needed on another.

The system is also flexible in permitting of maintaining accounts in more than one way. This may be developed locally as needed. They may be maintained by resources, revenue and non-revenue, and may also be kept

separately by units or organization, such as Regions, Forests, or Ranger Districts, as well as for the entire Service. The completeness of such combinations is facilitated by use of expansion accounts and by making periodic adjustments. For instance, classification of expense and investment accounts is made more complete when General Overhead is distributed to all other accounts. This adjustment likewise improves a combination of accounts on any other basis.

Separation of Resources.

Resource, as used herein, does not mean assets, or property of all sorts, but is used to designate the products or source of benefits derived from the National Forests. The derived benefits from the National Forests which are recognized in Service accounts or those which may be recognized by expansion are classified under the following headings: (1) Timber, (2) Grazing, (3) Water, (4) Recreation, (5) Fish and Game, and (6) Land. There are some expenditures which do not pertain to the resources of the National Forests directly but apply more particularly to similar resources outside the National Forests or to activities which in the main should not be considered as a part of Forest Service administration and protection costs. These expenditures are grouped under the heading, Cooperation and Miscellaneous.

Accounts for all the recognized forest resources have not been set up in the Service required accounts because they would not draw direct charges at this time. Such are Recreation Revenue and Land Revenue. It is intended that they shall be recognized when found desirable through expansion accounts.

Protection expenditures have not been subjected to any separation by resource or classification recognized in the accounting objectives, except for the separation of investment in equipment and improvements. Protection expenditures pertaining to the National Forests will be maintained as a classification in itself until such time as developments may make possible a division of the expenditures according to the established accounting objectives. It is recognized that these expenditures have the aspect of both expense and investment, revenue and non-revenue, and in many cases pertain to all of the resources.

The six basic resources are not all clear cut and independent but are to some extent interlocking and overlapping. Some rules are needed as a guide in classifying expenditures to the various resources. For the most part these rules are supplied in account definitions. However, some general explanations are given here as an aid to broader understanding of the principles involved.

The timber and grazing resources are the most distinct. However, the expenditures on account of the water resource are merged in protection very largely and in special use permits. If the completeness of the charges to these resources is being attempted by expansion accounts, special use permits pertaining to them should be included in the group with their respective resource accounts.

Protection of watershed areas where timber production is of no importance or a special use permit for a power project would be a proper charge to the water resource. Here also would be charged expenditures in connection

with prevention of flood damage and erosion. Practically all special use permits are chargeable, under expansion accounts, to the resources representing products of the forests. There are a few miscellaneous ones, however, in which there is no product that falls within the classes selected, such as cultivation of land, gravel permits, and occupancy permits of various kinds. These permits are considered land resources. Where there appears to be a conflict in the classification of an expenditure to a resource, the predominant product or benefit produced as represented in one of the six resource classifications will govern. In a power permit, power is the product but this is not recognized as a resource in the classification, so water, the immediate source of the power, is the classification to be recognized. Fish culture is a part of the Fish and Game resource, although the operation requires the use of water and land.

Recreation, as a resource, must of course mean the things physical or intangible which attract those seeking recreation to the Forest. Theoretically this would include fish and game as well as timber, yet these are included in other resources and would not be included under Recreation. Expenditures charged against the Recreation resource should not, therefore, include expenditures in connection with other specific resource classifications or protection.

Fish and Game is treated as a separate resource since the Service is charged with the responsibility of game protection and development in the National Forests.

Separation of Units of Organization.

Expenditures naturally divide themselves by the major administrative units for which accounts are maintained, such as Regions and Forests. Some adjustments are necessary, however, to make the division complete as in the case of inter-regional and inter-forest details. The system does not specifically recognize expenditures by administrative divisions such as Range Management, Timber Management, Lands, etc., except in the Regional and Washington Offices, although the accounts may be grouped to indicate these divisions to some extent.

A division of the expenditures by other administrative Units, such as Ranger Districts on the Forest, may also be obtained at the discretion of the Regional Forester or Forest Supervisor, the record being kept in the Supervisor's office.

Separation of Overlapping Cost Elements.

It is of first importance to allocate expenditures directly where possible to activity expenditure accounts. There are, however, items or elements of expenditure that are common to more than one account. For instance, supervision of timber sales would be chargeable to the specific activity account "Timber Sales" whereas supervision of a general nature, where not practicable to distribute currently, would be chargeable to General Overhead.

There are a number of overlapping elements of cost of this nature which are large in the aggregate and concerning which information may be desired from time to time not only as to the total but the amount entering into each item. The most important of these are: (1) Supervision, (2) Headquarters, (3) Mail

and Supplies, (4) Transfer of Station, (5) Maintenance Personal Equipment, (6) Maintenance Government Equipment, (7) Minor Surveys, Plans and Maps, (8) Meetings, (9) Public Relations, (10) Training, and (11) Travel.

These are not only overlapping as between activity accounts but also as between themselves. For instance, at a meeting any one or all of the overlapping activities or elements might receive attention and hence time could be charged to more than one caption. Training might be taken up for consideration at a meeting but also deal with training in public relations work. Likewise travel time and expense in connection with a meeting will involve all of these divisions. It will usually be found impracticable to obtain records on all the divisions at one time. When information is desired on any of these overlapping elements, only those should be selected for study at one time that will involve the least conflict. One of two methods, depending on the information desired, may be used in obtaining expenditures for an overlapping element of cost: (1) by treating it as an expansion account under each regular account and summarizing to obtain the total for the element, (2) by treating it as a supplemental or memorandum account to receive all charges of that nature which are currently charged to the activities concerned. Thus supervision of Timber Sales, Grazing, etc., while being charged to those accounts, would also be charged to a memorandum account, "Supervision". When the desired information has been obtained the expansion or supplemental records will be discontinued.

Reduction of Overhead Through Direct Charging.

This will be accomplished chiefly by use of the Service Report by those doing direct work on activities. All members of the personnel of Forests or other field Units, except as provided for Forest Supervisors and Experiment Station Directors as shown under "Distribution of Time," will distribute their time and expense, making the charges directly to the activity accounts benefited wherever possible whether such time be supervisory, inspection or direct work. General Overhead will be charged only with time and expense which cannot legitimately be distributed to activity accounts currently. Employees of the Regional Office who do direct work on the Forests, such as surveying, reconnaissance, etc., will distribute their time and expenses in the same manner, except that they will not distribute their supervisory work to the Forest but to the Region. Those doing chiefly supervisory work in the Regional Office will make such use of the service report as is necessary for the distribution of their time and expenses to activities. (For details regarding use of Service Report see instructions under "Distribution of Time").

Separation of Investment and Expense.

Investment, as herein used, pertains to those expenditures the benefits from which extend over a period of more than a fiscal year. Such expenditures are usually referred to as assets. The purpose of setting up investment accounts is to separate them from the current operating expense. Investments apply to tangible property such as constructed improvements, equipment and land acquired through expenditure of funds as well as intangibles such as grazing surveys and plans, timber surveys and plans, etc. While forest lands and timber in general represent assets, they are not, at the present time, to be taken up or included in the records as investments if there has been no outlay for them. Such land as is acquired through procedure outlined under acquisition accounts will be considered as an investment and so taken up in the records. The

value of timber alone exchanged for land, plus the cost of making the exchange, will be considered as the investment in land acquired under exchange procedure. Expenditures for purchase of lands or in connection with exchange of lands are to be considered as investments. Some investments such as constructed improvements, grazing surveys and plans, etc., will depreciate in value, while others such as land usually will not.

Minor expenditures of an investment nature (excepting those for physical improvements on which data are desired for statistical as well as for cost purposes) for which a continuing record is not essential and which will not affect current operating expense materially may be disregarded as an investment and charged to current expense either against the resource activity expense account benefited, to maintenance or general overhead as may be most appropriate. Reconstruction of an existing improvement should be considered an investment, it being assumed that an appropriate decrease in the cost of the original investment will have been made through application of depreciation. Improvements acquired without cost, including improvements constructed under special use and transferred to the Government, will be taken up as an investment at their appraised value where they are to be actually maintained and used, and depreciation applied as for other improvements.

"Expense" pertains to those expenditures the benefits from which are obtained largely during the current fiscal year. Some expense accounts, such as Timber Sales, may include expenditures of a character and in sufficient amount, as in the case of marking of a considerable amount of timber that will not be cut during the period, as to warrant its elimination from expense when costs rather than expenditures are sought. Such items are referred to as deferred charges and are treated similarly to investments in writing their cost into subsequent fiscal periods. In the activity expenditure records such items, however, are to be treated as a current expense, and the use of deferred accounts will be undertaken only in connection with Activity Costs and Investment procedure.

From the foregoing it may be seen that current charges to expense accounts are not always one hundred per cent current cost and adjustments will be necessary at the end of the fiscal period to make them more nearly represent current cost.

The protection account charges are considered as a part of operating expense.

Separation of Expense Contributing to Production of Income.

In the activity expenditure accounts this separation is made only for resource expense accounts for which a charge is made, either directly or indirectly, in their utilization. The fact that no direct charge may be made for a saw-mill permit, a pasture or corral permit, is not the governing factor in deciding whether expenditures in connection with such permits should be classed as revenue expenses. If their use is in connection with the utilization of a resource for which a charge is made, the expenditures in connection with such permits should be classed as revenue expenses. Expenditures in connection with marketing timber exchanged for land will be revenue expenses of timber sales and not an investment in acquired land, since the value of such timber is indirectly the investment in land. Expenditures in connection with making the exchange aside from disposing of National Forest timber, should, however, be charged to

the investment account.

Cooperation and Miscellaneous.

In the list of required Service accounts there are a number which represent activities that are not properly a cost to the Service for the administration and protection of the National Forests, although the work is actually done by the Forest personnel and Forest funds expended. These are classed "Cooperation and Miscellaneous". A characteristic of these accounts is that the expenditures do not usually result in the production of benefits directly from the National Forest resources or contribute to their development.

Cooperative deposits for the maintenance and construction of Service improvement projects will usually be considered as contributing to Service resource costs, since such expenditures are for the benefit of National Forest resources, but maintenance of improvements that do not belong to the Service or in which it has no equity, as in the case of a Regulation C-15(b) improvement, will not be considered as contributing to Service resource costs and will be charged as a cost of cooperation until the improvement becomes Service property. Expenditure of funds deposited for cooperative brush disposal on timber sales or on private lands is an expense of the timber sale operator and merely represents work which the Service does for him and which he would otherwise be required to do.

Deposits made for protection of private lands within or adjacent to the National Forests also represent expenditures for work which the Service does for others and when practicable should ultimately be charged to Fire Cooperation. Since such funds are not always used directly for the purpose intended, but may be offset by use of an equal amount of Service funds for the purpose and applied in conjunction with other Service work, a division of the charges currently is not usually practicable. However, the forest protection accounts should be adjusted at the end of the fiscal period by transferring from them to Fire Cooperation the amount of cooperative deposits received during the fiscal year for such work, the deduction from Fire Suppression and Presuppression accounts being in proportion to the division made in the funds collected for these purposes. Undeposited cooperative funds (funds appropriated by counties or others against which the Service may incur expense), may be included in the protection accounts or Fire Cooperation, whichever is appropriate.

Although fire control costs of the Service under a cooperative agreement may be greater or less on private lands during the year, than the amount collected under the agreement, the regular Service fire control costs will be considered as being reduced only by the amount of the collections. If, through mutual understanding, Forest and State or other officers cooperate in fire control on lands for which the other party is responsible and no adjustment in expenditure is made between the Service and such agencies, the Service will consider its expenditures in such cases as its own fire control costs on the assumption that they are offset by the other agencies' cooperation in fire control on National Forest lands.

The primary purpose of the Cooperation accounts is to segregate the costs of Service activities that do not properly belong in the National Forest resource costs.

The Service cooperates with other Government Bureaus in performing work,

for which such Bureaus are responsible. When the cooperation is clearly of no benefit to National Forest resources the cost should be charged as cooperation. Where the Service receives benefits from such cooperative work as reading snowscales, gathering lumber statistics, etc., the cost should ordinarily be absorbed in the Service resource accounts. (Note: For detail explanation of objectives 8, 9, 10, and 11, see instructions under Cost and Investment sections).

Units to Maintain Records.

Cost accounting records as hereinafter prescribed will be maintained by all major units (including Regional Offices, Forests, Experiment Stations, Nurseries, Forest Products Laboratory, Tax Inquiry, Regional Office Research Units and Plains Shelterbelt).

For this purpose each established National Forest, and each purchase unit which is to be proclaimed a separate National Forest, will be treated as a Forest Unit. If for administrative purposes two or more Forest Units are combined, other than by proclamation, and placed under the control of one Supervisor, and it is desired to consolidate cost accounting records, recommendation to this effect should be submitted to the Chief, Forest Service for his decision.

Records to be Maintained.

Cost accounting records will be maintained to show:

1. Activity Expenditures.
2. Activity Costs.
3. Investments.

Activity Expenditures represent a classification of accounts which includes only the actual disbursements for a fiscal period, the total of which must agree with the total of actual disbursements as shown by the voucher register from all appropriations affecting Service costs.

Activity Costs and Investments deal not only with actual disbursements of a fiscal period, but with all past disbursements as such affect the costs and financial status of the current fiscal period. The basic data for the Activity Costs and Investments are obtained from the Activity Expenditures.

ACTIVITY EXPENDITURES

ACCOUNTS

The following list of accounts is designed to provide for building up a proper record of activity expenditures and at the same time recognize all the provisions set forth under "Cost Accounting Objectives."

Indirect Accounts.

1. General Overhead

Expense Accounts.

- | | |
|-------------------------------|--|
| 2. Timber Sales | 13. Water, Non-revenue |
| 3. Forest Products Sales | 14. Land Adjustments |
| 4. Timber, Non-revenue | 15. Maintenance Roads, Forest Development |
| 5. Grazing, C & H, Revenue | 16. Maintenance Trails |
| 6. Grazing, S & G, Revenue | 17. Maintenance Roads, Forest Highways |
| 7. Grazing, Non-revenue | 18. Maintenance, Headquarters Improvements |
| 8. Fish and Game, Revenue | 19.1 Maintenance, Other Improvements, Structural |
| 9. Fish and Game, Non-revenue | 19.2 Maintenance, Other Improvements, R & T |
| 10. Uses, Revenue | 19.3 Maintenance, Other Improvements, Non-Structural |
| 11. Uses, Non-revenue | |
| 12. Recreation, Non-revenue | |

Investment Accounts

- | | |
|--|-------------------------------------|
| 20. Roads & Trails, Forest Development | 28. Timber Surveys and Plans |
| 21. Roads, Forest Highways | 29. Grazing Surveys and Plans |
| 22. Headquarters Improvements | 30. Fish and Game Surveys and Plans |
| 23.1 Other Improvements, Structural | 31. Recreation Surveys and Plans |
| 23.2 Other Improvements, R & T | 32.1 General Surveys and Maps |
| | 32.2 Other Investments |

- | | |
|---|------------------------------|
| 23.3 Other Improvements,
Non-structural | 27. Nurseries |
| 24. Acquisition, Exchange
and Gift | 33. Timber Stand Improvement |
| 25.1 Acquisition, Purchase, National
Forests | 34. Road and Trail Equipment |
| 25.2 Acquisition, State Forests | 35. Fire Equipment |
| 26.1 Reforestation, Field
Planting and Seeding | 36. General Equipment |
| 26.2 Reforestation, Other | 37.1 Stores |
| | 37.2 Stores, R & T |

Protection Accounts.

- | | |
|---------------------|---|
| 38. Fire Prevention | 40. Fire Suppression |
| 39. Presuppression | 41. Insect Control & Other
Timber Protection |

Cooperation and Miscellaneous Accounts.

- | | |
|---|--------------------------------------|
| 42. Fire Cooperation | 45. Timber Disposal Coopera-
tion |
| 43. Reforestation Cooperation | 46. Other Cooperation |
| 44. Forestry Extension Co-
operation | 47. Research |

Suspense Accounts.

- | | |
|---------------------------------|--------------------------------------|
| 49. Supplies and Other Suspense | 50. Salaries and Wages Sus-
pense |
|---------------------------------|--------------------------------------|

Temporary Cooperation and Miscellaneous Accounts.

- | | |
|--|--|
| 51.1 Emergency Unemployment Relief,
F. S. Contributions | 51.2 Emergency Unemployment Relief,
Other |
|--|--|

DEFINITION OF ACTIVITY ACCOUNTS

The following definitions are intended to assist in making a correct current distribution of expenditures to the required activity expenditure accounts. Employees should acquire an understanding of these principles, since an analysis on the basis of the principles that govern will often give more correct results than following arbitrarily the activity account definitions. In other words, it is believed that employees distributing their time and expenses can do so more accurately when the accounting results to be attained are understood than to be guided merely by detailed activity account definitions which attempt to cover every contingency and are therefore apt to be expressed in too general terms when applied to a specific circumstance.

In the activity account definitions the more important overlapping

elements of costs are defined under the first account, General Overhead. These same elements apply in all other accounts in varying degrees, and to save space definitions of them are not repeated under each account. However, in order that they may not be overlooked attention is directed to them under each account by merely including as representative work or jobs the words "General Overhead elements." They are not to be considered separate accounts.

Wherever the term "expenses" is used in the definitions, it should be understood as including all classes of expenditures such as value of time of employees, temporary labor, traveling expenses, materials, supplies, freight, hauling, etc. However, attention is called to the principle that the cost of semi-expendable and non-expendable equipment must be charged to the appropriate equipment accounts, unless stocked for issue in which case it will be charged to the appropriate stores accounts.

The cost of semi-expendable and non-expendable equipment will include the purchase price or manufacturing cost and assembling; and freight and hauling charges, when practicable. Freight and hauling charges will include charges to the first receiving point on the unit, but will not include charges from receiving point to the project site or between projects.

INDIRECT ACCOUNTS

1. General Overhead.

Includes expenses which cannot practicably be charged currently to one or several of the other activity accounts. The classes of work or expenses that are not direct but are incident to other activities should be charged to those activities; as, transfer of station of a project timber sale employee would be charged to Timber Sales. When the class of work or expense is of a general nature as not to admit of allocation directly to other activities, it will be charged to General Overhead; as, transfer of station of a District Ranger. Representative expenses:

(a) Supervision. Includes expenses in superintending, directing, and inspecting the work of others, and issuing instructions, by employees above the rank of Ranger or by a Ranger acting in a supervisory capacity for the Forest Supervisor when such expenses are general in nature and cannot be charged directly to another activity account or project. It will not include time of clerks and others unless acting in a supervisory capacity.

(b) Headquarters. Includes expenses for rent, heat, light, water, janitor service, post-office box rent, telephone rental and tolls, telegrams, stationery, forms, expendable office supplies, and other similar expendable property and supplies necessary at headquarters; miscellaneous office work at official station or town in which station is located, such as reading general instructions, miscellaneous study time on manuals and handbooks, filing correspondence, miscellaneous dictation and typewriting, account and record keeping; cleaning barn; shoveling snow; raking yard; etc. No expenses will be charged here which can practicably be charged directly to another activity account or project. Maintenance of all headquarters improvements will be charged to Maintenance of Headquarters Improvements.

(c) Mail and Supplies. Includes expenses of officers in securing mail, supplies and equipment, but not the purchase price thereof. Special trips in

connection with a given activity should be charged direct to the activity account or project benefiting.

(d) Transfer of Station. Includes authorized expenses incident to transfer of a forest officer from one station to another including transfers between winter and summer stations. Expenses incident to transfer of project men should be charged directly to the activity account or project involved.

(e) Maintenance Personal Equipment. Includes expenses incident to upkeep of personally-owned horses, motor vehicles and other equipment used in official work; cost of forage whether purchased or grown; hauling horse feed; hunting for lost horses; expenses for damages to and loss or destruction of horses or other personally-owned equipment. Charge should not be made here when a direct charge to another activity account can be made as is the case of hunting for a lost horse being used on a specific activity or project.

(f) Maintenance Government Equipment. Includes expenses for care and repair of miscellaneous equipment; checking property incident to resignation or transfer of station, etc; inventory of tools and equipment; investigating and prosecuting property trespass.

Maintenance and operating costs of equipment for which standard operating, repair and depreciation rates are authorized will be charged to "Supplies and Other, Suspense" and later distributed to activity accounts and projects on the basis of use of such equipment. Maintenance and operating costs of other equipment will be charged directly to the activity account or project benefited.

(g) Minor Surveys, Plans and Maps. Includes expenses incident to making minor surveys, plans and maps, boundary surveys and boundary posting of an incidental character, map corrections and revisions, assembling and recording data on land status of a general character, copying field notes for surveys, and compilation of any geographic or map data, when such expenses are not large or of a project nature and more properly to be treated as a charge to the investment account, "General Surveys and Maps."

(h) Meetings. Includes expenses incident to attendance at Ranger, Forest Supervisor or other miscellaneous service and public meetings, scheduled contacts, etc., when not chargeable direct to other activity accounts or projects.

(i) Public Relations. Includes expenses for this class of work pertaining to any forest activity which cannot be charged directly, such as "show me" trips, etc. General forestry publicity and public relations work not pertaining to the National Forest resources will be charged to the appropriate account under Cooperation and Miscellaneous.

(j) Training. Includes expenses which cannot be charged directly to specific activity accounts or projects, and covers both time and expense for training of Service personnel in training positions as well as time spent on Service study courses. (See also instructions under "Distribution of Time").

(k) Travel. Includes expenses for both time and expenses incurred in official travel which cannot be charged directly to other activity accounts or projects. (See also instructions under "Distribution of Time").

(l) Miscellaneous. Includes expenses not otherwise classified, such as, miscellaneous office work away from headquarters; reports on seed crops and collection of seed when not of sufficient importance to warrant charging to the Investment Account No. 37.1--Stores; general trips with visiting officers; trips from winter stations to summer stations for inspection of premises; transporting an injured officer to the doctor; expenses by new men in going over district with another Forest Officer for the purpose of acquiring a general knowledge of the country, and expenses of accompanying officer where no direct work is performed on activities or projects, where not chargeable direct to other activity accounts or projects.

(m) Civilian Conservation Corps Camp Overhead. Includes expenses for both time and expense of camp facilitating personnel; miscellaneous supplies, materials, hauling, etc.; camp buildings and temporary camp roads (which are not treated as investments) which cannot be charged directly to other activity accounts or projects. Charges of this nature will be recorded separately from General Overhead to facilitate distribution by camps. (See also instructions under "Distribution of Civilian Conservation Corps Camp Overhead").

EXPENSE ACCOUNTS

2. Timber Sales.

Includes expenses of commercial sales, sales at cost (Regulation S-22), administrative use and timber settlement, in which the product may be reduced to feet board measure and from which income is received. Representative expenses: (a) General Overhead elements, (b) Negotiation of sales, (c) Estimate and survey including maps, (d) Appraisal, (e) Advertising, (f) Marking, (g) Scaling, (h) Brush Disposal, (i) Boundary posting, (j) Trespass and law enforcement, (k) Administration, including cruising and examination of cut-over areas for penalty scale and compliance with contract, (l) Investigations, (m) Free special use permits issued in connection with this activity whether a regular part of the Sale agreement or covered by separate permit.

Estimates and surveys (c) pertain primarily to individual sales but may also cover minor estimates and surveys for timber sale planning purposes. When made in connection with large sales, where it is estimated the cutting will extend over a period of approximately two years or more, it should be treated as a project and charged to the investment account, Timber Surveys and Plans; likewise for (d) Appraisal.

Brush disposal and other work done by the Forest Service, for which operators deposit money to cover direct expense, will be charged to Timber Disposal Cooperation, except that expense in connection with Reforestation and Sale Area Betterment on National Forest Lands, under the Act of June 9, 1930 (46 Stat. 527), will be charged to the appropriate activity investment account. Expense of contributed supervision to this work, borne by the Service, when on other than National Forest lands, will be charged to Timber Disposal Cooperation but when on National Forest lands will be charged to this account or to the appropriate activity Investment Account if in connection with the Reforestation or Sale Area Betterment work.

Investigations (l) as distinguished from Research, include small investigative projects such as growth studies conducted by local men for local use. When conducted on a large scale primarily for local plan purposes, the charge

should be to activity investment account, Timber Surveys and Plans. The incidental value of the data for other than local use will not be considered.

3. Forest Products Sales.

Includes expenses of sale of timber products from the National Forests in which the product is not reducible to feet board measure and from which income is received, such as Christmas trees, ornamental stock, wild seedlings, turpentine sales, shrubs, roots, cascara bark, etc. Representative expenses: (a) General Overhead elements, (b) Negotiation of sales, (c) Estimate and Surveys, including maps, (d) Appraisal, (e) Advertising, (f) Marking, (g) Measuring or counting, (h) Brush disposal, (i) Boundary posting, (j) Trespass and law enforcement, (k) Administration, (l) Investigations, (m) Free special use permits issued in connection with this activity, whether a regular part of the sale agreement or covered by separate permit.

Explanations made under foregoing account apply here also.

4. Timber, Non-revenue.

Includes expenses of disposal of timber and forest products from the National Forests from which no income is directly derived. Representative expenses: (a) General Overhead elements, (b) Free use, (c) Minor free administrative use incident to removal of timber for improvement of stand, or for use in relief work conducted by public agencies, (d) Timber settlement involving no payment for the timber.

Large disposal projects under free administrative use for improvement of the timber stand will be charged to the activity investment account, Timber Stand Improvement.

5. Grazing, Cattle and Horses, Revenue.

Includes expenses incident to grazing cattle, horses and swine on the National Forests and from which an income is derived. Representative expenses: (a) General Overhead elements, (b) Taking applications, (c) Counting stock, (d) Issuing permits and notices, (e) Appraisals, (f) Salt enforcement, (g) Inspecting ranges, (h) Posting notices, (i) Reports, maps and surveys, (j) Trespass and law enforcement, (k) Investigations, (l) Permits on account of private lands, (Regulation G-4), (m) Extermination of predatory animals when for protection of this class of stock, (n) Insect, rodent and poisonous plant control when for benefit of this activity, (o) Free special use permits issued in connection with this activity.

Current appraisal work will be charged here but when undertaken on an extensive scale will be treated as a project and charged to activity investment account, Grazing Surveys and Plans. Investigations (k) as distinguished from Research, include small investigative projects such as grazing quadrat and fenced enclosure studies; and collection of range forage plants for identification conducted by local men for local use. When conducted on a large scale for local plan purposes, the charge should be to activity investment account, Grazing Surveys and Plans. Unit allotment plans when made as a current part of grazing administration will be charged here, but when undertaken on an extensive scale in any one year will be treated as a project and charged to Grazing Surveys and Plans. Poisonous plant eradication, insect and rodent control and

extermination of predatory animals, when conducted on project scale will be treated as an investment and charged to Other Improvements, Non-structural.

6. Grazing, Sheep and Goats, Revenue.

Includes expenses incident to grazing sheep and goats on the National Forests and from which an income is derived. Representative expenses: (a) General Overhead elements, (b) Taking applications, (c) Counting stock, (d) Issuing permits and notices, (e) Appraisals, (f) Salt enforcement, (g) Inspecting ranges, (h) Posting notices, (i) Reports, maps and surveys, (j) Trespass and law enforcement, (k) Investigations, (l) Permits on account of private lands (Regulation G-4), (m) Extermination of predatory animals when for protection of this class of stock, (n) Insect, rodent and poisonous plant control when for benefit of this activity, (o) Free special use permits issued in connection with this activity.

Explanations made under Account No. 5 apply here also.

7. Grazing, Non-revenue.

Includes expenses incident to grazing all classes of stock on the National Forests from which no income is derived. Representative expenses: (a) General Overhead elements, (b) Exempt stock, (c) Free crossing permits when not in connection with stock under paid permit.

8. Fish and Game, Revenue.

Includes expenses incident to study, protection and development of fish and game on the National Forests from which an income is derived. Representative expenses: (a) General Overhead elements, (b) Trespass and law enforcement of National and State laws, (c) Capture and disposal when the income is deposited to the credit of the Forest Reserve Fund, (d) Game census and reports, (e) Extermination of predatory animals when for protection of this class of fish and game, (f) Free special use permits issued in connection with this activity, (g) Expense in connection with hunting and fishing permits, from which revenue is derived.

All expenses in connection with classes of game for which accurate numerical record of animals is maintained, except expenditure in connection with capture and disposal, will currently be charged to activity investment account, Other Investments; and accrued charges will be transferred to this account only by adjustment.

Current plan and survey work will be charged here but when undertaken on an extensive scale will be treated as a project and charged to activity investment account, Fish and Game Surveys and Plans.

At the present time only Region 8 will have charges to this activity account.

9. Fish and Game, Non-revenue.

Includes expenses incident to study, protection and development of fish and game on the National Forests from which no income is derived. Representative expenses: (a) General Overhead elements, (b) Trespass and law enforcement of

National and State laws, (c) Capture and disposal, (d) Game census and reports, (e) Extermination of predatory animals when for protection of non-revenue fish and game, (f) Stocking streams and care of nursery ponds.

The capture and disposal of any class of surplus game, the expenses of which are met by cooperators, will be charged here, as well as the disposal of non-revenue game paid for out of Service funds, since the remaining game benefits from the disposal.

Explanations made under Account No. 8 apply here also.

10. Uses, Revenue.

Includes expenses pertaining to special use work from which income is or will be derived either directly or indirectly whether or not permit is actually issued. Representative expenses: (a) General Overhead elements, (b) Examination, mapping, surveying and reporting, (c) Showing areas to prospective permittees, (d) Permits and notices, (e) Trespass and law enforcement, including State sanitary laws, (f) Inspection, including patrol of use areas when for the purpose of enforcing permit requirements.

Expenses of a project nature such as examination, mapping and surveying of summer home sites in advance of the receipt of applications, should be charged to the Activity Investment Account, "Recreation Surveys and Plans," No. 31.

Water power permits from which the Service is credited with the income will be charged here. Federal Power Commission cases will be charged to the account, "Uses, Non-revenue," since the Service is not credited with the income although benefits from National Forest resources are involved.

11. Uses, Non-revenue.

Includes expenses incident to special use and rights-of-way work on the National Forests from which no income is derived, including Interior Department easements and Federal Power Commission cases. Representative expenses: (a) General Overhead elements, (b) Examination, mapping, surveying and reporting, (c) Showing areas to prospective permittees, (d) Permits, (e) Trespass and law enforcement, including State sanitary laws, (f) Inspection.

The cost of free special uses issued in connection with the resource for which a charge is made will be charged to the resource account and not to "Uses, Non-revenue." For instance, the cost of a free permit for a corral or cabin in connection with a Revenue Grazing Permit is a proper charge to the grazing account.

12. Recreation, Non-revenue.

Includes expenses incident to use of National Forests for recreation from which no income is derived. Representative expenses: (a) General Overhead elements, (b) Cleaning up public camp grounds (not original clearing,) (c) Enforcement of State sanitary laws when not in connection with special use permits, (d) Counting, registering and reporting number of visitors to Forests when not in connection with specific fire prevention measures, (e) Minor recreation plans, (f) Miscellaneous expense in connection with the supervision

and control of use of National Forest recreational resource.

Expense in connection with free recreation uses will be charged to "Uses, Non-revenue," and expense in connection with improvements and recreation surveys and plans will be charged to the appropriate investment account.

13. Water, Non-revenue.

Includes expenses incident to water resources of the National Forests. Representative expenses: (a) General Overhead elements, (b) Survey of water resource, (c) Snowscale and snow course reading, stream measurements, rain gauge readings and reports, (d) Prevention of flood damage and erosion of a minor nature.

Erosion control work of a project nature will be considered as an investment and charged to Activity Investment Account 23.3. Minor erosion control work resulting from other activities should be charged to such activity accounts. For example, minor erosion control on sales areas which is made necessary by the activity should be charged to "Timber Sales." Similarly, minor erosion control on grazing areas, which is made necessary by grazing, should be charged to the appropriate grazing activity account.

Use and power permits, involving use of water, will be charged under Uses, but when segregated by memorandum accounts may be added to this account when determining resource costs.

14. Land Adjustments.

Includes expenses incident to lands activities necessary for proper classification of lands within the National Forests and disposal of non-forest lands. Representative expenses: (a) General Overhead elements, (b) Homestead and mineral claims work, entry surveys, land classification, eliminations, and land status work pertaining exclusively thereto, (c) Minor Lands Use Planning Work.

Lands Use Planning conducted on an extensive scale will be considered as a project and charged to the appropriate activity investment account. (This might be Acquisition, Purchase; Timber Surveys and Plans; Grazing Surveys and Plans; etc., depending on nature of plan).

15. Maintenance Roads, Forest Development.

Includes expenses incident to repair or maintenance of all development roads or truck trails embraced in the Forest Road Development System. Representative expenses: (a) General Overhead elements, (b) Maintenance expenses on this class of roads, (c) Maintenance of bridges on such roads, (d) Replacement of Road Signs and sign plans work subsequent to construction.

16. Maintenance Trails.

Includes expenses incident to repair or maintenance of all trails (except ski trails), ways, stock driveways and stock bridges in and adjoining the National Forests. Representative expenses: (a) General Overhead elements, (b) Maintenance expenses on this class of trails, (c) Maintenance of bridges on such trails, (d) Replacement of trail signs and sign plans work subsequent

to construction.

17. Maintenance Roads, Forest Highways.

Includes expenses incident to maintenance of roads embraced in the Forest Highway System. Representative expenses: (a) General Overhead elements, (b) All maintenance Expenses on this class of roads.

This work is usually done by the Bureau of Public Roads. The expenditures to be reported here will include all those reported by that Bureau to the Forest Service including equipment and administration charges. These expenditures of the Bureau will be taken up in the Regional Office by appropriations as a Regional charge to this account.

Any expenditures by Forests will be transferred to the Regional Office at the close of each fiscal year, except where the Forests actually are allotted funds for maintenance of highways, as is common in some States of the Eastern Regions, the expenditures will be retained on the Forest records and reported by them.

18. Maintenance Headquarters Improvements.

Includes expenses incident to repair and maintenance of headquarters improvements at both summer and winter headquarters stations of yearlong employees, when such improvements are for the use of the yearlong employee in connection with the general conduct of his work, including dwellings, barns, offices, fences, water, ground development, garages, sidewalks, pastures, etc. Representative expenses: (a) General Overhead elements, (b) Maintenance expenses on this class of improvements, (c) Minor betterment expenses.

Original development of station grounds, landscaping and grading and construction of improvements will be charged to No. 22--Headquarters Improvements.

Maintenance of improvements located at a headquarters station for convenience of location but not used primarily in connection with general conduct of the yearlong employee's work will be charged to Activity Expense Account 19.1, 19.2, or 19.3 as appropriate. (Examples of this type of improvement are road and trail equipment sheds, lookouts, nursery plants and quarters for seasonal employees. All telephone line maintenance is chargeable to Activity Expense Account 19.1).

19.1 Maintenance Other Improvements, Structural.

Includes expenses incident to maintenance of all National Forest improvements not included under Activity Expense Accounts 18, 19.2 and 19.3, such as improvements at temporary stations and lookout stations; telephone lines, scaler's cabins, water conservation and impoundment, range fences, range corrals, range water development and all public service improvements. Representative expenses: (a) General Overhead elements, (b) Expenses for repair or maintenance of such improvements, (c) Minor betterment expenses.

Maintenance of non-structural improvements such as ground development, pastures and similar improvements at temporary stations, guard stations, etc., and maintenance of public camp grounds will be charged here. Maintenance of

non-structural improvements not included above or under No. 18 will be charged to Activity Expense Account 19.3.

Cooperative funds expended for maintenance of Regulation G-15 (b) range improvements to which title has not been acquired by the Government, will be charged to Activity Account No. 46--Other Cooperation.

19.2 Maintenance Other Improvements, R&T.

Includes expenses incident to maintenance of storage houses for road and trail equipment, stores and supplies (whether at headquarters stations or not) and other improvements maintained primarily for the benefit of roads and trails. Representative expenses: (a) General Overhead elements, (b) Expenses for repairs or maintenance of such improvements.

19.3 Maintenance Other Improvements, Non-structural.

Includes expenses incident to maintenance of non-structural improvements other than those included under Accounts 18, 19.1 and 19.2 such as permanent firebreaks, erosion control, tree disease and insect control, rodent control (range or timber protection), poisonous plant eradication, range reseeding, airplane landing fields, roadside clean-up, clearing and beautification or landscaping work (not including disposal of slash and debris caused by construction of roads, disposal of occasional snags and windfalls which are considered as a part of road costs), and similar projects. Representative expenses: (a) General Overhead elements, (b) Expenses for maintenance or repair of such improvements.

(Note:--Expenses in connection with the removal or destruction of abandoned improvements will be charged as maintenance to the appropriate maintenance account).

INVESTMENT ACCOUNTS

20. Roads and Trails, Forest Development.

Includes expenses incident to the construction of development roads or truck trails embraced in the Forest Road Development System and trails, (except ski trails), ways, stock driveways and stock bridges. Representative expenses: (a) General Overhead elements, (b) Location Surveys, (c) Construction expenses for these roads and trails, (d) Reconstruction and betterments of such improvements unless of such minor importance as to warrant treating as maintenance, (e) Construction or reconstruction of bridges on these improvements, (f) Original cost and expense in connection with road and trail signs.

The cost of bridges amounting to \$1,000 or more in the case of roads and \$500 or more in the case of trails, while being considered a part of the road or trail on which located, should be ascertained separately for depreciation purposes and individual investment records maintained for each such bridge.

No charge will be made to this account which cannot be made to individual projects. Time and expense in connection with construction plans at allotment conferences, etc., should be charged either directly or by proration to programmed projects whenever practicable. If the amount involved is so small as to be considered inconsequential, such expense may be charged directly

to the resource expense accounts affected or to No. 1-- General Overhead.

Transportation Studies and Plans of the extent and character prescribed in the Engineering Instructions for transportation planning will be considered a project under this activity and included in the Road and Trail Annual Report opposite the title "Transportation Plan."

21. Roads, Forest Highways.

Includes expenses incident to the construction of roads embraced in the Forest Highway System. Representative expenses: (a) General Overhead elements, (b) All construction costs on this class of roads.

This work is done almost entirely by the Bureau of Public Roads. The expenses reported here will cover all those reported by that Bureau to the Forest Service, including equipment and administration charges, whether such are distributed to individual projects or not. These expenses of the Bureau will be taken up in the Regional Office by appropriations as a Regional charge to this account.

Contributed time and incidental expenses incurred by the Forests should be treated as a Regional charge and transferred to that office at the close of the fiscal year except where Highway funds are actually allotted to Forests and the construction work is accomplished by the Forest Service instead of the Bureau, (as is common in some states of the Eastern Regions) in which case the "Project Suballotment and Expenditure Records" and "Investment Records" will be maintained by the Forest. Expenses by the Bureau of Public Roads, on such projects reported to the Regional Office, will be charged back to the Forest by projects.

22. Headquarters Improvements.

Includes expenses incident to the construction of headquarters improvements at both summer and winter headquarters stations of yearlong employees when such improvements are for the use of the yearlong employee in connection with the general conduct of his work, including dwellings, barns, fences (including cattle guards), water, ground development, garages, sidewalks, pastures, etc. Representative expenses: (a) General Overhead elements, (b) Construction expenses for this class of improvements, (c) Reconstruction and betterment expenses, unless of such minor importance as to warrant treating as maintenance.

Construction of improvements located at headquarters stations for convenience of location but not used primarily in connection with general conduct of the yearlong employee's work will be charged to Activity Investment Account 23.1, 23.2 or 23.3 as appropriate. Examples of this type of improvements are road and trail equipment sheds, lookouts and quarters for seasonal employees. All telephone line construction is chargeable to Activity Investment Account 23.1.

No charges will be made to this account which cannot be made to individual projects. General plans will be charged to General Overhead when they cannot practicably be charged to projects.

23.1 Other Improvements, Structural.

Includes expenses incident to construction of all National Forest improvements which are primarily of a structural nature not included under Activity Investment Account 22, 23.2 or 23.3, such as improvements at temporary stations and look-out stations, telephone lines, nursery ponds (fish rearing ponds), scaler's cabins, water conservation and impoundment, range fences, range corrals, range water and all Public Service improvements. Representative expenses: (a) General Overhead elements, (b) Expenses for construction or completion of such improvements and projects, (c) Reconstruction and betterment, unless of such minor importance as to warrant charging to appropriate maintenance accounts.

Cattle guards will be considered as a part of the fence of which it forms a part; if not part of a fence treat as separate project.

Expenses for non-structural improvements such as ground development, pastures and similar improvements at temporary stations, guard stations and construction of public camp grounds will be charged here. Expenses for non-structural improvements not included above or under No. 22 will be charged to Activity Investment Account 23.3.

No charges will be made to this account that cannot be made to individual projects. Where practicable improvement plans will be charged to projects. General improvement plans pertaining to a specific resource will be charged to the appropriate resource expense account. Minor improvement plans for general application will be charged to General Overhead.

23.2 Other Improvements, R&T.

Includes expenses incident to construction of storage houses for road and trail equipment, stores and supplies (whether at headquarters or temporary stations or not) and other improvements constructed primarily for the benefit of roads and trails. Representative expenses: (a) General Overhead elements, (b) Construction expenses for this class of improvements, (c) Reconstruction and betterment expenses unless of such minor importance as to warrant treating as maintenance.

23.3 Other Improvements, Non-structural.

Includes expenses in connection with improvements which are primarily of a non-structural nature (other than those included under Account 22, 23.1 or 23.2), such as permanent firebreaks, erosion control and stream improvement (including dams), tree disease and insect control, rodent control (range and timber protection), poisonous plant eradication, range reseeding, airplane landing fields, roadside clean-up, clearing and beautification or landscaping work (not including disposal of slash and debris caused by construction of roads; disposal of occasional snags and windfalls which are considered as a part of road costs), fire hazard reduction, original forest nursery ground development, and similar projects. Representative expenses: (a) General Overhead elements, (b) Expenses for such improvements and projects, (c) Reconstruction and betterment, unless of such minor importance as to warrant charging to appropriate maintenance account.

No charges will be made to this account that cannot be made to

individual projects. Where practicable improvement plans will be charged to projects. General improvement plans pertaining to a specific resource will be charged to the appropriate resource expense account. Minor improvement plans for general application will be charged to General Overhead.

Erosion control and stream improvement work (except dams costing in excess of \$500 each), and fire hazard reduction within any single Ranger District or part thereof such as a section, township or drainage may be considered as a project where more specific segregation is impracticable. Expenses for dams for erosion control and stream improvement work costing in excess of \$500 each will be charged here but each such dam will be considered as a project.

24. Acquisition, Exchange or Gift.

Includes expenses incident to acquirement of land including fees for National Forest purposes through exchange of land for land, timber for land, or by gift or proclamation. Representative expenses: (a) General Overhead elements, (b) Location, examination, appraisal, survey and reporting on lands to be exchanged or acquired whether exchange or acquirement is actually accomplished or not, (c) Supervision of Timber Right cutting and (d) Lands Use Planning work when for the benefit of this activity.

In the case of exchange of timber for land, usual timber sale administration expense pertaining to disposal of timber will be charged to the account "Timber Sales." In case of exchange of land in one Forest for land in another Forest, or timber on one Forest for land in another Forest, the expense incident to making such exchange will be transferred, at the end of the fiscal period, to the Forest acquiring the land

25.1 Acquisition, Purchase, National Forests.

Includes expenses incident to acquirement of land for National Forest purposes by direct purchase, including purchase price and fees pertaining thereto paid by the Forest Service. Representative expenses: (a) General Overhead elements, (b) Location, examination, appraisal and survey of lands, which the Service acquires or seeks to acquire, whether acquirement is actually accomplished or not, (c) Supervision of Timber Right cuttings and (d) Lands Use Planning work when for the benefit of this activity.

25.2 Acquisition, State Forests.

Includes expenses incident to acquirement of land under the provisions of the Fulmer Act for administration as State Forests, including purchase price and fees pertaining thereto. Representative expenses: (a) Direct expenses, including General Overhead elements in connection with negotiation, option, examination, appraisal, mapping, surveying, title examination, purchase price of lands, recording of deeds, etc., whether acquirement is actually accomplished or not, (b) Expenses for preliminary general planning and similar items prior to designation of the areas as State Forest Units and (c) Expenses distributed to this activity as "General Overhead".

Current records will be maintained for (a) Each State Forest Unit, to receive all charges which can be directly allocated to such Units, (b) Each State, to receive charges pertaining to a particular state but which cannot currently be practically allocated to State Forest Units and (c) The major

activity to receive charges pertaining to transactions under the Fulmer Act but which cannot currently be practically allocated to individual State Forest Units or States. The records will show amounts under representative expenses (a) above separately from those under (b) and (c) since the items under the two latter divisions will not be reimbursable. In addition, the amounts under (a) will be divided between (1) Salaries and wages, (2) Travel expenses, (c) Materials and supplies, (4) Purchase price of land, (5) Equipment. The cost of equipment will be treated as equipment investment.

At the close of each fiscal year the amounts recorded on Forms 19-h for "Major Activity" will be cleared and distributed to the Forms 19-h for "States" on the basis of direct expenses and the amounts recorded on Forms 19-h for "States" will then be cleared and distributed to the Forms 19-h for "State Forest Units" within each State by the same means as employed in clearing the Form 19-h for the "Major Activity."

Expenses in connection with work required subsequent to perfection of title to the United States (including (a) Review of State budgets and expenditure, (b) Inspection and audit, (c) Reports, (d) Transfer of titles to the States) and in connection with tax delinquent lands where title is vested in the State will be charged by States to Activity Expansion Account No. 44(b), Forestry Extension, Fulmer Act.

26.1 Reforestation, Field Planting and Seeding.

Includes expenses incident to field planting and field seeding for "Stand establishment" on the National Forests. Representative expenses: (a) General Overhead elements, (b) Expenses for field planting and field seeding on all areas where the prime objective of the work is reforestation of the areas, (c) Examination of areas for prospective planting, (d) Reforestation work in connection with "Sale Area Betterment" as defined in Act of June 9, 1930 (46 Stat. 527).

Expenses by Forests for experimental planting where the work is in the nature of a "test" for advancement of reforestation knowledge, will be charged to Activity Investment Account 26.2 Reforestation, Other.

Expenses for collection of seed for subsequent use by Nurseries or other Units should be charged to Activity Investment Account 37.1--Stores.

Minor work in connection with reports on seed crops, seed collection, etc., should be charged to No. 1 General Overhead. Extraction plants and their maintenance will be charged to construction or maintenance of Other Improvements (23.1 or 19.1).

26.2 Reforestation, Other.

Includes expenses incident to experimental plantings by Forests and examination and reports on all planted areas. Representative expenses: (a) General Overhead elements, (b) All expenses by Forests for experimental plantings of a "test" nature, (c) Survival counts and annual planting reports on all planted areas, (d) Special rodent control and other protection measures applied to reforestation projects except construction such as fence construction which will be charged to Activity Investment Account 23.1. (Experimental plot fences will be charged here).

27. Nurseries.

Includes expenses for the operation and maintenance of Nurseries.

Representative expenses: (a) General Overhead elements, (b) Expenses for labor, supplies and materials used in nursery tree production or general work of the Nursery.

The costs incident to construction and maintenance of Nursery Improvements, or purchase of Equipment, Stores, etc., will be charged to the appropriate activity investment or maintenance accounts. Nurseries, whether located on Forests or not will be treated as separate units of organization and separate reports will be submitted for them.

23. Timber Surveys and Plans.

Includes expenses incident to making estimates and preparing maps of National Forest timber resource and making Forest management plans for the timber resource. Representative expenses: (a) General Overhead elements, (b) Estimating, mapping and appraisal for sales to run approximately two years or more, (c) Estimating, mapping, growth studies, etc., in connection with preparation of management plans, (d) Studies of cutover areas for management plan purposes and (e) Lands Use Planning work when for the benefit of this activity.

29. Grazing Surveys and Plans.

Includes expenses incident to range reconnaissance and range management plans for the National Forest grazing resource. Representative expenses: (a) General Overhead elements, (b) Expenses for range reconnaissance and plans, (c) Studies of forage growth for plan purposes when conducted on project scale and (d) Lands Use Planning work when for the benefit of this activity.

Unit allotment plans unless undertaken on such a large scale as to materially affect current costs, will be charged to the appropriate grazing activity expense accounts.

30. Fish and Game Surveys and Plans.

Includes expenses for fish and game surveys and plans on the National Forests when on such a scale as to warrant charging as an investment rather than as current expense where the benefits will accrue over a period of years and where there is a definite plan or survey. Representative expenses: (a) General Overhead elements, (b) Survey and preparation of plans on project scale and (c) Lands Use Planning work when for the benefit of this activity.

31. Recreation Surveys and Plans.

Includes expenses for surveys and plans for National Forest recreation resource when on such a scale as to warrant charging as an investment rather than as current expense where the benefits will accrue over a period of years and where there is a definite plan or survey, and recreation folders and maps. Representative expenses: (a) General Overhead elements, (b) Recreation surveys and plans, (c) Extensive surveys of summer home sites in advance of issuance of permits, (d) Recreation folders and maps including expense of printing and (e) Lands Use Planning work when for the benefit of this activity.

Surveys of summer home sites should not be charged here when the sites will largely be taken up during the current fiscal period, or when the cost is so small as to not warrant carrying the charges as an investment.

32.1 General Surveys and Maps.

Includes expenses for general surveys and plans, including those for National Forest map-making purpose, rather than for any particular resource. Representative expenses: (a) General Overhead elements, (b) Expenses in connection with collecting data and making base maps of Forests, conducted on project scale, the benefits from which will last over a period of years and benefit all activities, (c) Boundary posting and relocation when on a project scale, (d) Land status work of a project nature and (e) Lands Use Planning work and all other survey and planning for which no specific account is provided, or from which benefits accrue to all activities generally rather than to any particular resource.

Minor expenses of a recurrent nature in connection with revision of Forest base maps and boundary surveys and recurrent boundary posting of an incidental character will be charged to General Overhead.

32.2 Other Investments.

Includes expenses for miscellaneous investments for which no specific investment account is carried. Representative expenses: (a) General Overhead elements and (b) Miscellaneous Investments not otherwise classified.

Expense in connection with production of plant stock at Browse and Herbaceous Plant Nurseries will be charged here. This will include labor, supplies and materials used in stock production. Expense of improvement construction and maintenance and purchase of equipment and stores will be charged to the appropriate activity investment or maintenance account.

All expenses in connection with purchase of lands, development and construction for (a) Forests Community Sites and (b) Similar projects under Resettlement Administration where the Forest Service has charge of the work, will be charged to this account. Records will be maintained to show separately the costs of the various types of investments. (See instructions under "Balancing the Expenditure Distribution.")

This account will be kept by investment projects and reported on the Form 43-d, Investment Statement, under "Other Investments, Miscellaneous."

"Transportation Plans," of the extent and character prescribed in the Engineering instructions, will be charged as an investment project under the proper road account.

33. Timber Stand Improvement.

Includes expenses in connection with Timber Stand Improvements on National Forests when stand improvement is the prime objective; also stand improvement incident to timber sales when it is practicable to separate the costs from such operations (excepting cooperative brush disposal, etc., properly chargeable to Account No. 45, Timber Disposal Cooperation). Representative expenses: (a) General Overhead elements, (b) Free Administrative Use where im-

provement of the stand is the prime objective and when on such a scale as to warrant charging as an investment rather than as current expense, (c) Thinnings not disposed of by sale, (d) Stand improvement in connection with "Sale Area Betterment" as defined in Act of June 9, 1930. (46 Stat. 527).

34. Road and Trail Equipment.

Includes purchase price or manufacturing cost (including labor) and expenses for delivery and assembly of semi-expendable and non-expendable equipment for use in connection with maintenance and construction of roads, truck trails, trails, ways, stock driveways and stock bridges. Representative expenses: (a) Expenses for purchase, manufacture, delivery and assembly of semi-expendable and non-expendable equipment including service animals and motor vehicles.

Delivery expense will include only charges to the first receiving point on the Unit. Charges from receiving point to project site or between projects will be charged to the project.

Cost of individual pieces of large road and trail equipment, which are depreciated on an "annual" basis, will be recorded separately for each piece on the current records so that individual investment records may be prepared. Combined cost of large road and trail equipment, which is depreciated on basis of use, will be recorded separately on the current records so that the amount may be included in the investment for this class.

Combined cost of all "small" road and trail equipment will be recorded separately on the current records so that the amount may be included in the investment for this class.

The cost of operating, maintaining and repairing road and trail equipment will not be charged here. For all such expense in connection with large equipment, for which standard operating, repair and depreciation rates are authorized, the charge will be made to Suspense Account No. 49 for later distribution to activities and projects. Such expense in connection with all other road and trail equipment will be charged to the appropriate activity account or project.

Expense for checking or storing equipment will be charged to the activity account or project benefiting.

Equipment purchased by the Bureau of Public Roads for its own projects will be charged to the activity accounts for construction or maintenance of Forest Highways.

35. Fire Equipment.

Includes purchase price or manufacturing cost (including labor) and expenses for delivery and assembly of semi-expendable and non-expendable equipment procured for fire prevention, presuppression, fire suppression and fire cooperation, which becomes the property of the Government. Representative expenses: (a) Expenses for purchase, manufacture, delivery and assembly of semi-expendable and non-expendable equipment including service animals and motor vehicles.

Delivery expense will include only charges to the first receiving point on the Unit. Charges from receiving point to point of use or between points of use will be charged to the appropriate activity protection account.

Cost of individual pieces of large fire equipment, which are depreciated on an "annual" basis, will be recorded separately for each piece on the current records so that individual investment records may be prepared. Combined cost of large fire equipment, which is depreciated on basis of use, will be recorded separately on the current records so that the amount may be included in the investment for this class.

Combined cost of all "small" fire equipment will be recorded separately on the current records so that the amount may be included in the investment for this class.

The cost of operating, maintaining and repairing fire equipment will not be charged here. For all such expense in connection with large equipment, for which standard operating, repair and depreciation rates are authorized, the charge will be made to Suspense Account No. 49 for later distribution to the appropriate activity protection account. Such expense in connection with other fire suppression equipment will be charged to Activity Protection Account No. 40 if incidental to suppression, or to No. 39 if the equipment is not in use. Such expense in connection with fire prevention equipment will be charged to the Activity Protection Account No. 38.

Expenses for checking or storing equipment will be charged to the appropriate activity protection account.

36. General Equipment.

Includes purchase price or manufacturing cost (including labor) and expense for delivery and assembly of semi-expendable and non-expendable equipment for all activities for which a separate equipment account is not carried. Representative expenses: (a) Expenses for purchase, manufacture, delivery and assembly of semi-expendable and non-expendable equipment including service animals, motor vehicles and non-expendable library books.

Delivery expense will include only charges to the first delivery point on the Unit. Charges from receiving point to point of use or between points of use will be charged to the appropriate activity account or project.

Cost of individual pieces of large general equipment, which are depreciated on an "annual" basis, will be recorded separately for each piece, on the current records so that individual investment records may be prepared. Combined cost of large general equipment which is depreciated on basis of use, will be recorded separately on the current records so that the amount may be included in the investment for this class.

Combined cost of all "small" general equipment will be recorded separately on the current records so that the amount may be included in the investment for this class.

The cost of operating, maintaining and repairing general equipment will not be charged here. For all such expense in connection with large equipment, for which standard operating, repair and depreciation rates are authorized, the

charge will be made to Suspense Account No. 49 for later distribution to activity accounts and projects. Such expense in connection with all other general equipment will be charged to the appropriate activity account or project.

Expense for checking or storing equipment will be charged to the appropriate activity account or projects.

37.1 Stores.

Includes expenses for purchase or production of miscellaneous supplies, equipment and stores for subsequent use or issue to requisitioning units, except stores paid for from allotments for Roads and Trails. (See Activity Account No. 37.2) Representative expenses: (a) Expenses for purchase, manufacture and procurement of all supplies, materials, products or equipment for subsequent use or issue, (b) Expenses for labor, rent and other overhead items incident to conducting warehouse facilities, and services rendered by the purchasing unit when handling charge is assessed. The expenses in group (b) should be equitably prorated over the Stores on hand in order that they will be included in the cost of Stores issued.

Forest expenses for collection of seed for use in subsequent fiscal years or seed collected for Nurseries or other Units, should be charged to this account. If both collection and use will occur in the current fiscal year the charge may be handled through Activity Account No. 49--Suspense.

This account is primarily for use of Central Purchase, Forest Warehouse and other Units maintaining an organization for purchasing and having warehouse facilities, but in such cases current charges will ordinarily be made to the suspense account No. 49 where amount of handling charges and operating expenses will be recorded separately. The amount remaining, (plus or minus), in the suspense account at the close of the fiscal year, after credit has been allowed for value of all issues including handling charges, will be transferred to this account, and will be treated as an investment in Stores.

At the close of each fiscal year the plus or minus balance remaining in the Activity Suspense Account 49, "Equipment Operation and Repair" will be transferred to this activity and considered as an investment in Stores.

37.2 Stores, R & T.

Includes expenses paid from allotments for Roads and Trails for purchase or production of miscellaneous supplies, equipment and stores for subsequent use or issue. Representative expenses: (a) Expenses for purchase, manufacture and procurement of all supplies, materials, products or equipment for subsequent use or issue, (b) Expenses for labor, rent, and other overhead items incident to conducting warehouse facilities, and services rendered by the purchasing unit, when handling charge is assessed. The expenses in group (b) should be equitably prorated over the Stores on hand in order that they will be included in the cost of Stores issued.

Explanations made under Activity Account No. 37.1 apply here also. In addition expenses for Road and Trail Stores must be recorded in the current records by appropriations, so that information will be available for the preparation of the Road and Trail Annual Report.



PROTECTION ACCOUNTS

38. Fire Prevention.

Includes expenses for all educational, publicity, admonitory, and minor danger reduction work primarily directed toward preventing the occurrence of fires in the National Forests. Representative expenses: (a) General Overhead elements, (b) Posting signs, registering visitors during the fire season, enforcement of closed area restrictions, issuance of camp fire permits, lectures and exhibits on fire subjects when for benefit of National Forests, patrol for the purpose of cautioning campers and recreationists, preparation and distribution of circular letters on fire, investigation of origin of fires, fire law enforcement and damage appraisal work for that purpose, planning and organization of any of the foregoing activities, (c) Reduction of fire danger by disposal of inflammable debris, snags, etc., not chargeable to a specific activity. (Cost of disposal of debris in connection with going timber sales, free use, improvement work, or other recognized activities will be charged to the activity concerned), and (d) Expenses for control lines around camp grounds, not made in connection with fire suppression.

When patrolmen, guards, or others hired primarily for fire prevention engage in actual improvement or other work while fulfilling their duties on fire prevention, the time so spent will be charged to the specific activities concerned and not to fire prevention. Travel by Rangers or others over a grazing unit where an actual range inspection is made in conjunction with fire prevention should be charged to the appropriate grazing activity account. Patrolmen engaged in either fire prevention or presuppression work who work in a dual capacity on both of the activities, in such a way that a practical division cannot be made for charging time, may charge such time to fire prevention at the direction of the Forest Supervisor, and the division will be made later as hereinafter instructed under "Distribution of Time".

For this activity it will be necessary to carry expansion accounts for such items as are specifically required in the preparation of "Sheet A" of the Annual Fire Report.

Fire Hazard (Danger) Reduction Work conducted on an extensive scale will be treated as a project and charged to the Activity Investment Account 23.3.

39. Presuppression.

Includes expenses incident to the organization designed to provide for effective work by guards, cooperators, and other agencies depended upon for fire suppression on the National Forests, up to the point where action starts to suppress an actual or reported fire. Representative expenses: (a) General Overhead elements, (b) Instruction, management, maintenance (not including maintenance of improvements), detection and inspection, (c) Emergency rations, (d) Presuppression plan work and general fire maps, including fire statistics, and (e) Meteorological observations in connection with fire control.

The time of Guards or others who are primarily employed for presuppression work or held at headquarters because of the severity of the fire season will be charged to this activity except when they are actually engaged on improvement or other work, in which case such time will be charged to the latter

activity account. Time of Emergency Guards will be charged to Fire Prevention, Presuppression or Suppression exactly the same as is done with regular Guards. Travel by Rangers or others over a grazing unit where an actual range inspection is made in conjunction with presuppression will be charged to the appropriate grazing activity account.

For this activity it will be necessary to carry expansion accounts for such items as are specifically required in the preparation of "Sheet A" of the Annual Fire Report.

40. Fire Suppression.

Includes expenses incurred for the purpose of suppressing fires on the National Forests, or on lands endangering National Forest lands. Representative expenses: (a) General Overhead elements, (b) Actual fire fighting expenses, (c) Expenses in connection with fires on which work was not necessary, and fire not found (false alarms), (d) Individual fire reports, and damage appraisal work necessary for preparation of such reports, and (e) Reconditioning small fire tools and equipment after use on fire suppression work.

41. Insect Control and Other Timber Protection.

Includes expenses incident to protection of National Forest timber from insects, tree diseases, rodents, etc. Representative expenses: (a) General Overhead elements, (b) Expenses for extermination and control of tree-destroying insects, tree diseases, rodents and other destructive agencies of timber, other than fire and trespass, except when such work is conducted on an extensive scale in which case it will be considered as projects and charged to Activity Investment Account 23.3.

COOPERATION AND MISCELLANEOUS ACCOUNTS

42. Fire Cooperation.

Includes expenses for prevention, presuppression and fire suppression on lands other than National Forest lands (1) when paid for by other agencies and from Special Funds appropriated for this purpose, (2) Fire control expenses from Forest Service appropriations when such expenses are of a cooperative nature and National Forest timber is not endangered. Representative expenses: (a) General Overhead elements, (b) Cooperation with States under Clarke-McNary Act with reference to fire protection, (c) Protection of private lands within and adjacent to National Forests, the costs of which are borne by Cooperators by making deposit of Cooperative Funds for disbursement by the Forest Service or by setting up of funds by Cities, Counties, and other agencies against which expenses incurred by the Service may be billed, (d) Expenses in protection of Oregon and California railway lands, until such time as such may come under the administration and utilization of the Forest Service, (e) Time and expenses of Forest Service employees in connection with suppression on other than National Forest lands, not considered as endangering National Forest lands as indicated by the individual fire reports. Any expenses of this nature which may have been charged to Activity Account No. 40 during the current period will be treated as Service cooperation with outside agencies and transferred from Activity Account No. 40--Fire Suppression, to this account at the close of the fiscal year.

Gratuitous cooperation received from Settlers, Ranchers, Tourists, etc.,

without solicitation, for protection of National Forest lands will not be included.

It will usually be impracticable to charge currently to this account expenditures from Cooperative Funds for protection of private lands within the National Forests. Therefore fire control charges for Prevention, Presuppression and Suppression, even though paid from Cooperative Funds, will be currently charged to the regular Service Activity Accounts numbered 39 and 40, but an amount equal to the deposits for such work during the fiscal period will be taken up under this account (Activity Account 42) at the end of the period and the Forest protection accounts decreased by like amount on the basis of division of funds collected for these purposes. (See instructions regarding adjustments under "Closing the Activity Expenditure Record, Forests ")

43. Reforestation Cooperation.

Includes expenses incident to planting on other than National Forest lands. Representative expenses: (a) General Overhead elements, (b) Cooperation with States under Clarke-McNary Act in furnishing trees and seed for planting, (c) Cooperative planting on other than National Forest lands.

44. Forestry Extension Cooperation.

Includes expenses incident to (1) developing forestry practice and (2) support of such practice on other than National Forest lands, which cannot more properly be charged to Fire Cooperation, Reforestation Cooperation or Timber Disposal Cooperation. Representative expenses: (a) General Overhead elements, (b) County Fair and special exhibit work, (c) Public lectures and other general publicity work, (d) Taxation Inquiry work, the purpose of which is to assemble scientific data on which to base equitable tax laws applicable to privately owned timberlands, (e) Insect infestation work on other than National Forest lands, unless the object of the work is to prevent the spread of infestation to National Forest timber, (f) Cooperation with timber operators, lumber dealers and others in the development and application of plans and measures for the protection and general welfare of the industry, (g) General cooperation in connection with the State Emergency Work Program for forestry extension when so general in character that it is impracticable to segregate between accounts Nos. 42 and 43.

Taxation Inquiry expenses made under the formal direction of the Tax Inquiry Unit of the Division of Research will be treated as a separate Unit and reported separately from Forest expenses.

Expenses incurred under authority of the Fulmer Act in connection with work required subsequent to perfection of title to the United States (including (a) Review of State budgets and expenditures, (b) Inspection and audit, (c) Reports, (d) Transfer of titles to the States) and in connection with tax delinquent lands where title is vested in the State will be charged to this account but will be recorded separately under an expansion designated 44(b) Forestry Extension, Fulmer Act. All such charges will be recorded by States.

45. Timber Disposal Cooperation.

Includes expenses incident to disposal of brush or performance of other work by the Forest Service for purchasers of timber on Forest or private lands

the estimated direct cost of which is paid for by the operator by deposits to the Cooperative Fund. Representative expenses: (a) General Overhead elements, (b) Expenses for supplies and labor incident to disposal of brush, girdling trees, cutting snags, special scaling, etc., in timber sales on Forest or private lands, but excluding Reforestation and Stand Improvement work on National Forest land under the Act of June 9, 1930 (46 Stat. 527).

This account should not be charged with the expense of supervision of brush disposal or other work in connection with cutting on National Forest lands. Such expense is chargeable to Activity Expense Accounts Nos. 2 or 3, the same as similar expense normally incurred when the operator does the work.

46. Other Cooperation.

Includes expenses incident to all cooperation not primarily of benefit to forestry such as cooperation with outside interests and other Governmental Bureaus, on activities for which no specific cooperation account is carried and not primarily of benefit to or producing benefits from National Forest resources. Representative expenses: (a) General Overhead elements, (b) Cooperation with other Bureaus and agencies in performance of work for which they are responsible and in which the benefits accrue to such agencies or to the public generally and are not derived from the National Forest resources, (c) Range management on outside lands, (d) Maintenance of Regulation G-15(b) improvements to which the Government has not acquired title, when paid for from Cooperative Funds.

47. Research.

Includes expenses incident to Research. Representative expenses: (a) General Overhead elements, (b) Expenses for research work on the National Forests when for general National Forest or other use and not for specific plan purposes, (c) Expenses in connection with projects conducted by the Division of Research through the Regional Office, Experiment Stations, and the Forest Products Laboratory both on and independently of the National Forests.

Experiment Stations, Regional Office Research Units, Tax Inquiry Unit, and the Forest Products Laboratory are to be treated as separate units of organization. Only expenses incurred directly for Research will be charged here. The Units will make use of all Service activity accounts insofar as necessary to secure proper classification of expenses by activities. Experiment Stations doing direct work for a Forest, as fire fighting, will transfer such expenses to the Forest benefited at the end of the fiscal period. Forest charges to this activity will be transferred at the end of the fiscal period to the Experiment Station or Regional Office Research Unit concerned. All transfers to Experiment Stations must be by Research projects.

Local investigative work by local men independent of Research Units and primarily for the benefit of the Forest should be charged to the appropriate Activity Accounts Nos. 2, 3, 5, 6, etc.

SUSPENSE ACCOUNTS

The two following suspense accounts are for the purpose of completing the Activity Expenditure Records for balancing purposes until such time as their contents may be distributed to the regular activity accounts.

49. Supplies and Other, Suspense.

Includes expenses for (a) Purchase or production of miscellaneous supplies, equipment and stores for subsequent use or issue to requisitioning units; (b) Freight and handling charges incident to the distribution of all classes of stores; (c) Operation, maintenance and repair of all large equipment (including time of mechanics and repair shop expense) for which standard operation, repair and depreciation rates are authorized (including maintenance and upkeep of animals, such as pack stock).

Time in connection with handling of stores, maintenance of equipment, etc., will be charged to this account on Service Reports, when needed to secure equitable distribution.

Expenses for operation of equipment as under (c) above will ordinarily not include salaries of operators. Where it is considered practicable to establish rates, which include the operator's salary, all such salaries will be charged here. (See instructions under distribution "Supplies and Other, Suspense").

This account will be cleared at the end of the fiscal year and any undistributed balance remaining, (plus or minus), will be transferred to Activity Investment Account 37.1 or 37.2, as appropriate, and treated as an investment in "Stores." Investment record will be maintained by classes such as warehouse stores, equipment operating and repair, etc.

50. Salaries and Wages, Suspense.

Includes expenses for salaries and wages of all regular and temporary employees who submit Service Reports as a means of distributing their time to activities and projects and which are not distributed currently to activities and projects on the Expenditure Records. (For procedure in use of this account in the Regional Office see instructions under "Regional Office"). (See instructions under "Distribution of Salaries, Suspense").

TEMPORARY COOPERATION AND MISCELLANEOUS ACCOUNTS

51.1 Emergency Unemployment Relief, F. S. Contributions.

Includes expenses incident to cooperation with other Bureaus and agencies in connection with Emergency Unemployment Relief work programs, such as the Civilian Conservation Corps, Federal Emergency Relief Administration, etc., on work for which such other agencies are directly responsible.

At the present time this procedure would be for use in connection with Civilian Conservation Corps, Federal Emergency Relief Administration, State Emergency Relief Administration, and Transient Relief. As an example, in connection with Civilian Conservation Corps other Bureaus are directly responsible for the enrollment, examination, pay, clothing, medical care, quarters, education and recreation of enrollees. In lieu of including the total costs of this work as charges to Service activity accounts, there have been established various standard daily labor rates for application on the basis of effective man-days, and the amounts so secured represent the value accruing to Service activities and projects. Therefore, where the Service cooperates with the other agencies in the performance of such duties no additional costs should

accrue to Service activities and projects as a result thereof.

51.2 Emergency Unemployment Relief, Other.

Includes expenses for time and expenses from Emergency Unemployment Relief appropriations in connection with unemployment relief work which are not properly chargeable to any standard Service activity. This account will receive no current charges. All expenses from Emergency Unemployment Relief appropriations will be currently charged to standard Service activities and projects. At the close of each fiscal year value of investment and maintenance projects and other activities carried under Emergency Unemployment Relief appropriations (such as CWA) will be determined, and expenses in excess of these valuations will be transferred to this account.

Do not charge this account with expenses from regular Forest Service appropriations. No transfers to this activity will be made on account of Emergency Conservation Work except in Region 10 (Alaska) and Region 8 (Puerto Rico). (See instructions under "Other Adjustments to Activity Costs").

EXPANSION ACCOUNTS

The list of accounts which has previously been given represents those that must be kept uniformly by the Service as a whole for Activity Expenditure Records. They are the minimum considered necessary for adequately covering the general activity expenditures of the Service and for laying the foundation for Cost and Investment Records.

The only expansion required for the present by the system is that construction expenses be recorded by projects and maintenance expenses by classes. No expenses should be charged to construction accounts that cannot be charged to individual projects. The expansion classes for maintenance should be such as to provide proper division between resource classes in order to facilitate distribution of maintenance charges. (See instructions under "Distribution of Maintenance").

These accounts are, however, often lacking in details needed for administrative use, and they may, therefore, be expanded or divided as need for more detailed information may arise. Such expansion will usually be at the discretion of the Regional Forester or Forest Supervisor but expansion accounts to provide Service data will be prescribed as needed by the Chief, Forest Service. The scope of such accounts must of course not transgress beyond the scope of the general activity account of which they are divisions. In the definitions of required activities the kinds of work included will often suggest the names for detailed accounts and may be used when they cover the items for which costs are desired.

The use of expansion accounts is quite flexible, it not being necessary to divide a required activity into several detailed accounts when information is wanted or can be used on only one or two items. For example, it may be desirable to divide Account "No. 2--Timber Sales" in "2-a Commercial Sales," "2-b Sales at Cost" (Regulation S-22) and "2-c Administrative Use and Timber Settlement." Likewise expenses on one or two Ranger Districts may be ascertained without applying the expansion to all Districts. When expenses on only one or two cost elements of a required activity are desired, the remaining elements of cost pertaining to that activity will be carried under the name of

the major activity account. The meaning of the expansion accounts will, of course, be defined and understood locally. Since considerable work is attached to recording and compiling accounting data, expansion accounts should be restricted to those that can be used to advantage, and when information sought has served its purpose the corresponding accounts will be discontinued. All expansion accounts will be designated by the major activity account number followed by a letter.

DISTRIBUTION OF TIME

Unit for Charging Time.

The distribution of time will ordinarily be made in hour periods for time actually worked, the sum of the distribution equaling in all cases the total hours worked for the day. At the discretion of the Regional Forester or Forest Supervisor half-hour or tenth-hour units may be used by all employees or designated employees whose time cannot otherwise be distributed with sufficient accuracy on an hourly basis. In the case of protection guards the minimum unit of time in making distribution may be one-half day when specifically authorized by the Regional Forester.

Monthly Service Report.

All the time devoted to official work by employees required to submit Forms 26 will be accounted for on the form, including official work on Sundays or holidays or at night. Official work includes only the time an employee gives to his official job and should never include such personal duties as cooking, milking, chores, splitting wood at headquarters station (unless put on a job basis and approved by the Supervisor, or unless done by Guards or Assistant Rangers for whom there is no other necessary work at the time), washing clothes, and preparation and care of gardens or care of fields producing hay for animals not in official use.

Time spent at home on study courses will not be considered as part of the official day unless specifically authorized in the Regional Policy or directed by the Regional Forester.

Ordinarily the official work day of field going Officers will start when the Officer is ready to leave his headquarters or temporary stopping place. The following governing principles will be observed: (1) For horse trips--after horses have been wrangled, saddled and packed, (2) For motor trips--after servicing motor vehicles, and (3) For hiking trips--after preparation of equipment for back packs. When because of unusual circumstances more than thirty minutes are required for these steps, the additional time should be treated as part of the official day and charged to activities involved in the day's work.

On days when no official work is performed, enter an "X" opposite the word "Totals" near the bottom of the form, and if on annual, sick, or leave without pay, proper entry should be made for the time opposite the appropriate caption at the bottom of the form. By this method the actual working time will be shown and days upon which no work is performed will be omitted automatically. Compensatory time taken should also be shown in the space provided.

Opposite the caption "Time in Field" there should be included all time on official work spent away from the headquarters or headquarters town of the Officer reporting, exclusive of time spent in procuring personal supplies or incident to the maintenance of self and personal equipment.

In distributing time on the face of Form 26, employees must adhere strictly to the standard activity captions which are printed on the form. Office and field time should be shown separately on days when work is performed in both places, the latter designated by a small "f". On the reverse of the form space is provided for distribution of time by projects and detailed expansion accounts, as may be required, but such time should be included on the face of the form also under the appropriate accounts. The time will not be reduced to a money value by the employee submitting the report. If activity expenditures are being kept by Ranger Districts and work is performed by members of the Supervisor's office for which a Ranger is responsible, the necessary information will be summarized on the reverse side by writing in the names of the activities involved and inserting under same, one to a line, the names of the Ranger District involved and the time charged.

Service reports will be submitted monthly by all field employees, except (1) those for whom time slips are furnished, and (2) Forest Supervisors and Experiment Station Directors. (For instructions regarding submission of Service Reports by Regional Office personnel see instructions under Regional Office). Protection Guards whose entire time is given over very largely to one activity may be excepted, provided that an adequate report is made of their time on Form 874-15, or other appropriate form, which reports should be treated as Service Reports in distributing time unless the value of such time is charged to activities currently on the Activity Expenditure Record. It may be considered desirable in some Regions to also exclude Administrative Guards under certain circumstances, which may be done if an appropriate time report form is employed requiring less time to prepare than Form 26.

Members of the regular personnel are required to prepare their own Form 26, except in emergencies or under conditions making it impracticable for them to do so. Also the monthly Service Reports of Administrative and Protection Guards should ordinarily be prepared by them personally. However, in cases where it would appear to expedite matters or provide a more accurate and uniform distribution of time for the Ranger to prepare the Form 26 for short term men, such procedure may be followed. Service Reports of employees whose time is charged currently into projects or activities should be filed but not used in distributing "Salaries, Suspense."

All employees required to submit Forms 26 and to keep diaries will make daily distribution of their time at the end of each day from the diary and post therefrom to the monthly Service Report. It is suggested that Service Reports be posted daily unless employee is away from his headquarters. Those not required to keep diaries should distribute their time at the close of each day directly to the Service Report or other appropriate form for later posting to the monthly Service Report.

All travel time, including "job to job" trips, should be charged insofar as practicable to the activity benefited. When travel is performed for a specific project or activity and the work cannot be accomplished upon arrival, the time should be charged to the activity for which the travel was performed. Unexpected deviation to incidental activities will be charged with the proper share of the travel time. Travel time for a field trip involving a number of

activities should be charged to the activities benefited in approximately the same ratio as the time spent on each activity.

Each yearlong officer doing field duty should have a copy of the latest revision of Form 874-29 inserted in his diary. This form contains a complete list of the required expenditure activities with definitions in full and is designed to assist Rangers and others in making correct time distribution.

When Patrolmen performing the dual duties of Fire Prevention and Pre-suppression are permitted to charge their time to Fire Prevention as outlined under the activity definition of Fire Prevention, the division of these charges on the Service Report or Form 874-15 will be made in the Supervisor's office as follows: The Supervisor will determine at the beginning of each season the per cent of the charges to be made to Fire Prevention and Presuppression for each patrolman whose duties combine these two activities. Before the Service Reports for these Patrolmen are posted to summary Forms 34a, or charges made direct to activities from Form 874-15, these ratios will be applied to total charge to Fire Prevention to obtain the charges to Fire Prevention and Pre-suppression. The travel expenses of these Patrolmen will be divided in the same manner. This procedure is not to be applied to other activities on which these Patrolmen work. That is, their time and expenses will be distributed to all other activities than Fire Prevention and Presuppression in the regular manner.

In the case of a considerable amount of time being spent incident to maintenance of Government equipment, such as annual inventories and preparation of annual property returns, the Supervisor may direct that the charge be divided between No. 1-General Overhead and No. 39-Presuppression, the charge to Presuppression being based on the approximate amount of time spent in connection with fire equipment.

In order that the monthly Service Report may be readily prepared and checked, diaries must contain sufficient information to indicate the proper distribution of time, such as time of entry on duty, time of leaving headquarters, time of arrival at any project or activity and time of leaving same, as well as time of arrival at station on return. A summary of the projects and activities, with the time spent on each, will be noted on the page for the day using in the case of activities the numbers only, if desired.

The diaries of Field Officers and others required to keep diaries will be checked periodically by the Supervisor, Forest Clerk or other qualified assistant designated by the Supervisor, in order to make certain that the time of Forest Officers is being properly distributed and for various administrative reasons. Officers will be informed respecting errors in distribution on their part. The diaries will be initialed and dated by the reviewing officer.

Use of Work Plan Accomplishment Report as Service Report.

At the discretion of the Regional Forester, Service Reports and Work Plan Reports may be combined on an approved form appropriate for the purpose. Before such procedure is adopted it must be carefully reviewed to insure that all required cost accounting information will be recorded accurately and that it will be readily available.

In the use of the monthly Service Report in the Regional Office to cover

salaries recorded as Regional Office disbursements, the face of the form will show distribution by dates and activities in the regular way. The reduction of time to money will be made in the Regional Fiscal Agent's office. The reverse side will be used as a summary of any part of the time properly chargeable to field Units, by writing the numbers and titles of activities involved, and inserting under same, one to a line, the names of the Forests or other Units and hours worked. If a Forest on which work was performed is keeping activity expenditures by Ranger Districts and work was performed for which the Ranger is responsible, the Ranger Districts involved should also be shown under each Forest. The Forests on which such employees work should advise them if any special activities or expansion accounts are to be kept. Time on construction and other investment activities and fire suppression should be summarized on the reverse side of the form by Units and projects except that acquisition and reforestation need not be shown by projects unless specifically directed. When Regional Office salary disbursements are charged to the Forests currently, Service Reports covering such disbursements will be submitted to the Forests concerned.

DISTRIBUTION OF TRAVELING EXPENSES

Traveling expenses will be charged to the activities benefited. Expenses for trips where no work is performed on account of inclement weather, etc., will be charged to the activity necessitating the trip.

Per diem and other general expenses will be distributed to activity accounts in proportion to the time worked during the trip. Transportation and other expenses incurred in connection with side trips will be charged directly to the activity necessitating such side trip.

Traveling expenses of Patrolmen, performing the dual duties of Fire Prevention and Presuppression, will be charged in the manner outlined under "Distribution of Time."

Ordinarily the distribution to activities will be made by the Officer submitting the account. Where desired the Forest Clerk may distribute general items, such as per diem, but the Officer submitting the account must in any event show distribution for special items, side trips, etc.

DETAILS AND TRANSFERS

Details Within Region.

When an employee whose salary is paid by one Forest or other Unit is detailed to perform work on another Forest, Unit or in the Regional Office in the same Region he will prepare two Service Reports: (1) one for the Unit on which regularly employed which will account for the entire month and (2) one for the Unit to which detailed for that part of the month covered by the detail. Both Service Reports will be forwarded to the Supervisor or Officer in charge of the Unit to which the employee is regularly assigned. In posting to Form 34-A the time by activities contributed to other Forests or Units will be omitted and at the end of the year the value of such time will be deducted from the total salary paid the employee before distribution is made to activities on Form 34-A. The Service Report for the detail will be forwarded promptly to the Unit chargeable after the value of time on detail has been determined and recorded. This value should be computed on the basis of days and fractional parts of days

(not on an hourly basis) as determined from the salary table. Usually leave taken during the detail will be borne by the Unit to which regularly assigned, but the Unit to which detailed will be assessed with Sundays and holidays occurring during the period of detail as well as travel time going and returning.

Each supplemental Service Report will show the name of the Unit concerned and the distribution of contributed time by activities. The detailing Unit will enter the value of contributed time for the period of the detail in the salary space for each Forest or Unit involved and forward the reports to the other Forests or Units concerned as soon as possible after the end of the month or termination of the detail. At the close of the fiscal year it should be determined that all such reports have been or are forwarded to other Units concerned by July 15. Care should be exercised to see that the total salary entered on all Service Reports for the several Units equals the salary paid the employee. Transfers account of details affecting Research Units will show appropriation from which paid.

Details Between Regions.

The procedure is the same when the Units involved are in different Regions, except that the reports will be transmitted to the Regional Fiscal Agent, who will, after making a record of them, transmit them to the Regional Fiscal Agent of the other Region, who will in turn transmit them to the Unit concerned after making a record of them. In the case of inter-regional details the Service Report or Journal Voucher will show the appropriation from which paid.

The Regional Fiscal Agent will keep a memorandum record of all inter-regional details showing amounts by names of employees, Unit and Region from which detailed, and Unit and Region to which detailed. Immediately after the close of the fiscal year each Region will see that its inter-regional detail record is complete and, if involved in any, will prepare a statement giving the above information and forward a copy to each Region concerned. Each Region will check its own record against the statements of other Regions and take necessary steps to adjust any discrepancies. This statement should be prepared so as to reach the headquarters of the Region concerned by not later than July 20, and earlier if possible, so as to allow time for adjustment of discrepancies and such adjustments being passed on to the Forests involved in time for including in their Annual Expenditure Statement. Unless considerable care is exercised in handling inter-regional details, it may result in the Activity Expenditure Statements being out of balance with the Regional Financial Statements. If the reporting of inter-regional details is unduly delayed, the detailing Forest and Region should include the expenditures in their own statements and, if the amount is great enough to warrant, appropriate adjustments may be made for inclusion in Activity Cost Statements.

Transfers of Expenditures Within Region.

Intra-regional transfers of expenditures should be accomplished, wherever practicable, currently as transactions are completed. No such transfers affecting the previous fiscal year should be made after July 31, unless otherwise directed by the Regional Forester.

Transfers of Expenditures Between Regions.

Inter-regional transfers of expenditures should be accomplished, wherever practicable, currently as transactions are completed. No such transfers affecting the previous fiscal year should be made after August 15.

Regional accounts should not be finally closed until August 20. This will insure receipt of journal vouchers covering transfers which are mailed on final date, August 15.

If subsequent to August 15, additional expenditures are found to be chargeable to another Region, such items should be included in reports and treat the transfer transaction later as a transfer of costs for inclusion in Activity Cost Statements.

The above procedure is also applicable in cases of transfers between Regions and the Washington Office.

Expenses, other than salary in connection with details, will ordinarily be paid by the Units deriving the benefit, and the distribution to activities taken up in their records.

Journal Voucher Register.

At the discretion of the Regional Forester, Journal Voucher Register, Form 21-m may be maintained. Where this record is used, all Journal Vouchers affecting Form 43 Reconciliation Statement will be recorded currently as prepared or received. In the spaces provided on the form data should be recorded as follows: (1) Journal Voucher number, (2) name of other Unit concerned, (3) description of transaction, (4) activity affected (debit or credit) and (5) amount (debit or credit). Forms 26 covering details will be considered as Journal Vouchers and assigned Journal Voucher numbers. Journal Voucher number assigned by transferring Unit will be used also by receiving Unit. Intra-unit transactions which for convenience are assigned Journal Voucher numbers, such as distribution of stores issues, equipment operating and repair, Activity Account 50 Salaries Suspense and General Overhead, will not be recorded in Journal Voucher register.

PAYMENTS FOR OTHER REGIONS

When one Region makes payment for another (including the Washington Office and Forest Products Laboratory), the Region making the payment will transmit notice thereof on Form 79-ab to the Region for which paid, together with any information necessary to identify the transaction for the purpose of distributing the expenditure to the Activity Expenditure Records. When such payments concern a Forest or other Field Unit, Form 79-a and other information necessary for identification will be transmitted to the Unit. In such cases Form 79-b will be retained in the Regional Office.

DISBURSEMENT OF FUNDS OF OTHER BUREAUS AND DEPARTMENTS

When funds of other Bureaus and Departments are transferred to the Forest Service for direct disbursement on Forest Service work, they will be included in the Activity Expenditure Records. When cooperation consists only in making disbursements for such Bureaus and there is no participation in the

work by the Forest Service, the expenditures will not be included in the Activity Expenditure Records and, where practicable to determine, the cost of doing such disbursing work will be charged to Activity Account 46, Other Co-operation. The salaries of Assistants to the Solicitor will be included in Regional Office Activity Expenditures. Time and expense of Assistant to Solicitor on work for other Bureaus is chargeable to Activity Account 46.

DISBURSEMENT OF FOREST SERVICE FUNDS BY OTHER BUREAUS AND DEPARTMENTS

When Forest Service funds are transferred to other Bureaus and Departments for disbursement, or in cases where other Bureaus' Disbursing Officers disburse Forest Service funds, such expenditures will be included in the Activity Expenditure Records. This will include such expenditures as (1) Department of Agriculture disbursements from Forest Service appropriations for Solicitor's Office expenses, (2) War Department disbursements from funds appropriated for Civilian Conservation Corps when on account of Forest Service vouchers, including State vouchers approved by Forest Service (Expenditures covered by State Vouchers will be distributed by States but need not be distributed to activities) and (3) Treasury Department disbursements from Forest Service appropriations.

SUPPLY DEPOT AND PURCHASING UNITS

The Supply Depot and Regional Central Purchase Units will not maintain Activity Expenditure Records. All Cost Accounting records, in connection therewith, will be maintained in the Regional Fiscal Agent's office. These Units, will, however, furnish data regarding purchases, issues, operating expenses, handling charges, etc., as necessary to provide information to the Regional Fiscal Agent for recording in Cost Accounting records. (See instructions under "Regional Office").

POSTING AND RECORDING

Distribution.

The distribution of Activity Expenditures will be made currently on Activity Expenditure record sheets, Form 19-h or 21-i and on such other sheets as are used in conjunction therewith for detailed or expansion accounts, (1) as vouchers are submitted for payment, (2) as Forms 79-a are received from the Supply Depot, or (3) as entry is made on the voucher register from "paid" Forms 79-a covering vouchers chargeable to the Forest or Unit, but not submitted by the Unit. Form 19-h is designed to provide both allotment control by appropriations and Activity Cost and Expenditure distribution. (See explanation of use of 19-h). A notation of the activity account distribution will be made on the file copy of the voucher for audit and checking purposes.

Salaries, including retirement deductions, and wages which are to be distributed on monthly Service Reports will be entered currently on the activity account sheet, Form 21-i or 19-h, set up for the Account No. 50--"Salaries and Wages, Suspense" as pay roll vouchers are submitted for payment. Deductions on account of commissary will also be taken up under this account when the supplies are paid for and entered on the voucher register if affecting an employee who submits a Service Report covering salary distribution to activities, or charged direct to the proper activity account if the employee's time is dis-

tributed currently to activities and not held in Suspense.

Likewise supplies and services other than personal which are not distributed currently will be entered under Account No. 49--"Supplies and Other, Suspense." This account should be subdivided as necessary to facilitate later distribution. This account like "Salaries, Suspense" must be entirely cleared at the end of the fiscal year.

Refunds to depositors on account of timber, grazing, etc., refunds from the Cooperative Work Forest Service appropriation, and disbursements account of claims under the Act of December 28, 1922, should not be taken up on the Activity Expenditure Record. Deposits made in the "Special Deposits" accounts such as deposits in connection with timber sale bids, deposits in land exchange cases, etc., should not be included when disbursed or refunded. Repayment items which result from previous overpayment are to be taken up as decreases in the Activity Expenditure Records.

The Activity Expenditure Record will be corrected, when necessary, to make it agree with adjustments on returned paid Forms 79-a.

Vouchers of temporary Assistant Disbursing Officers, etc., will be taken up same as other vouchers.

Forms 19-h and 21-i as Activity Expenditure Records.

Form 19-h, Project Record, when necessary as an allotment and expenditure control record in the regular Forest fund accounting, should also be used in every instance practicable as a part of the Expenditure and Cost records and current posting omitted from sheets 21-i for the activity accounts affected. This will avoid duplicate posting.

This use of Form 19-h as a part of the Activity Expenditure Record will be facilitated if its use as an allotment and expenditure control record is correlated with the first named use. For instance, an allotment for maintenance of dwellings should not contain both permanent headquarters dwellings and dwellings at temporary stations since in the Activity Expenditure Record the first named comes under "Maintenance Headquarters Improvements" and the last named under "Maintenance Other Improvements, Structural." Therefore, it should be the aim to have the allotment and expenditure control record on Form 19-h set up by headings that will permit of ready summarization under the proper activity accounts.

One Form 19-h should be maintained for each project, and this should carry the complete record of expenditures, including contributed time and expense, and distribution of General Overhead. This is mandatory where complete costs are necessary such as in the case of the investment projects. The General Overhead charge, and ordinarily the contributed time charges, will not be posted to the project Form 19-h until the close of the accounting period. Each form should show definitely the appropriations and activity involved.

However, where allotment control only is desired and complete projects costs are not necessary, the contributed time and expenses and proration of General Overhead may be posted direct to an Activity Expenditure Record sheet (Form 21-i) for the group class or activity account as a whole rather than to individual projects of the group. When handled in this manner, the total of

the charges on 19-h for the group or activity account would be transferred at the end of the year to the Activity Expenditure sheet (Form 21-i) which would then show the total charges for the activity account.

When it is necessary to set up an allotment on a Form 19-h for allotment control purposes only but which covers more than one activity account and the allotment cannot practicably be divided so the Form 19-h will also serve as the activity distribution, the form set up for fund control should be considered a Fund Accounting record only and bear a notation in the space provided for activity title, "Not a part of Activity Expenditure Record," so that it will not be included in balancing the Activity Expenditure distribution with appropriation disbursements. All posting to supplemental records should also be distributed to the proper activities or projects on Forms 21-i or 19-h.

Forms 19-h used for project suballotment and Activity Expenditure records must show in the columns provided, charges for all semi-expendable and non-expendable equipment purchased from the suballotment, so that the cost of the equipment may be deducted at the end of the year and posted under the proper equipment account on the activity summary sheets (Form 21-i) and not included in the project expenditures. Equipment items should be posted to Form 19-h and 21-i separately for (1) small equipment, (2) large equipment for which standard operating, repair and depreciation rates are authorized and (3) other large equipment, by items. This is necessary to provide information for posting Investment Records. In the case of projects under "Cooperative Work, F.S.," refunds, if any, should also be noted or shown in a separate column on Form 19-h so that they may be readily deducted from the expenditures shown when summarizing and posting to sheets 21-i at the end of the year.

Form 21-i, Activity Expenditure Record, is to be used to record all those expenditures which are not recorded on project sheets Form 19-h. A separate sheet (Form 21-i) may be used for each activity account, or the columns may be used for individual accounts.

Form 21-i should be used for Activity Expansion accounts when such are desired.

Special report is required each fiscal year showing distribution, by activities, of all expenditures from the sub-appropriation "Salaries and Expenses, Forest Service, (National Forest Administration), Region." For this purpose it will be necessary to record such expenditures under the sub-appropriation title on Forms 19-h and 21-i. (See instructions under "Annual Activity Expenditure Statements").

Ranger District Expenditures.

Where the Activity Expenditures are maintained by Ranger Districts, a separate Form 21-i should be used for each activity account, on which the blank columns should be headed with the names or numbers of the Ranger Districts using the last column for the total charges to the account. A column should also be designated "Supervisor's Office" to take care of charges to the activity account which cannot be charged directly to Ranger Districts, or where it is desired to keep the Supervisor's Office expenditures separate from those of the Ranger District. The "total" column should only be posted at time accounts are balanced.

Nurseries.

When Nurseries are located on a National Forest and their accounts are handled through the Supervisor's Office, Nursery Expenditures are to be kept separate from the Forest Expenditures. This may be done either by setting up a separate set of Activity Expenditure sheets or by treating the Nursery as an activity, setting up a Form 19-h for Account No. 27--Nurseries, which will show the total allotment and the total disbursement of the Nursery and serve as a control account for the detailed records kept for the Nursery.

When Forest activities are engaged in by the Nursery, or expenditures made for them, out of Nursery funds, such expenditures will be transferred to the Forest either currently or at the end of the year. Such items should be considered currently as charges to Nursery Account, Minor Project No. 12.

The value of nursery stock transferred to other Service Units for planting will not, however, be transferred under the Activity Expenditure Record system, this being a feature that will be undertaken only in connection with Activity Costs and Investments procedure.

In the case of nursery stock issued to a State in a Forest Service Region other than that in which the Nursery is located, the transaction will be handled as a payment for other Regions. The Regional Fiscal Agent of the Region issuing the stock will treat it as a decrease in disbursements and the Regional Fiscal Agent of the Region receiving the stock will increase disbursements accordingly. Since a decrease in disbursements resulting from the transfer of an investment will result in additional expenditures from current appropriations, it will be necessary to use the "Cooperative Repayment" procedure, debiting "Cooperative Repayments" by the amount the Federal appropriation is decreased.

Nursery stock furnished another Region for reforestation work should be handled as a transfer of "Costs" and not as a payment for other Regions.

BALANCING THE EXPENDITURE DISTRIBUTION

The following outline shows the function of the current accounting records normally maintained in field offices. It is not intended to be indicative of the order of arrangement of accounts in the binder.

Group 1. Fund and Allotment Control Records:

- (a) Allotment Record (Form 19)
- (b) Voucher Register (Form 19-a)
- (c) S. & E. sub-allotment control (Forms 19b & c)
- (d) Travel Records:
 - (1) Transportation Request Record (Form 19-e)
 - (2) Individual suballotment record (Form 19-f)
- (e) Individual Salary Records, etc., (Forms 19-d and 19-i)

Group 2. Combination Fund-allotment Control and Activity Expenditures Distribution records.

Project Records (Form 19-h)

- (a) Individual Fire Records
- (b) Improvements
 - (1) Construction (By projects)
 - (2) Maintenance (By Classes)
- (c) Miscellaneous Activities requiring Allotment control

Group 3. Activity Expenditure Distribution records (Form 21-1).

In balancing the Activity Expenditure distribution with the Voucher Register, the total expenditures shown on the project records (Group 2) plus the total expenditures shown on Activity Expenditure records (Group 3) must agree with the disbursements shown on the Voucher Register, excluding disbursements which do not enter into the Activity distribution, such as (1) Refunds to depositors; (2) Refunds from the appropriation "Cooperative Work, F. S."; (3) Disbursement from any special fund or appropriation not properly belonging in the Activity Expenditure distribution.

The expenditure accounting records should be balanced periodically and not less than monthly. All discrepancies must be located and corrected.

Entries of a "Memorandum" nature or "Supplemental Records" distributed elsewhere in the expenditure records should be appropriately designated in order that they may be readily identified and not included in balancing.

If a repayment has been made covering work which the Service has done for others and which should be included in the Activity Expenditure records under the proper cooperation account this will be taken into consideration in balancing. A column will be carried on the voucher register for entry of such class of repayments and designated "Cooperative Repayments." A column will also be carried on the voucher register for "Undeposited Cooperation" to take care of cooperation included in the activity expenditures not paid from Forest Service funds or Cooperative Work, F. S. funds.

The following will be included under "Undeposited Cooperation": (1) disbursements made by outside agencies, from funds deposited or made available by cooperators, on vouchers certified or approved by Forest officers; (2) cooperation received from other Departments and Bureaus of the Government when paid for from their appropriations: (This will include such items as (a) office and storeroom space in Treasury or other Department buildings; (b) value of rodent control and other work done by other Bureaus for the benefit of National Forests); and (3) so-called "Gratuitous" cooperation by settlers, ranchers, County and State Governments, etc., in connection with work which benefits the National Forests and for which the Service is primarily responsible. This will consist largely of cooperation received in connection with construction and maintenance of improvements. Undeposited Cooperation will be treated as regular expenditures and included in the Activity Expenditure records.

Expenses in connection with purchase of lands, development and construction for (a) Forest Community Sites and (b) similar projects under Resettlement Administration where the Forest Service has charge of the work, will be treated as follows: (1) All amounts paid from funds appropriated for or transferred to the Forest Service will be recorded in the usual manner. Records will show whether investment is located on National Forest or Resettlement Administration lands or, if divided, the division will be shown in terms of miles, acres, etc.,

(2) Amounts paid by Resettlement Administration from their appropriations (except labor where actual cost is not available) will be taken up at actual amount as "Undeposited Cooperation". When the actual labor costs paid by Resettlement Administration from their appropriations is not available, it will be evaluated and treated as an adjustment in connection with activity costs. Such expense will be chargeable to Activity Investment Account No. 32.2.

RESEARCH UNITS

Tax Inquiry Unit, Regional Office and Washington Office Research Units, Forest Products Laboratory and Forest and Range Experiment Stations will be considered as Research Units for Cost Accounting purposes.

The Units will make use of all Service activity accounts insofar as necessary to secure proper classification of expenses by activities.

The Tax Inquiry Unit will ordinarily have charges only to activity accounts 1, 36 and 44. Charges should be made to other activity accounts in case benefit accrues thereto.

The Regional Office and Washington Office Research Units will ordinarily have charges only to activity account 47, since all other charges are included in the "Regional Office" or "Washington Office" records.

The Forest Products Laboratory will ordinarily have charges only to activity accounts 1, 18, 22, 36 and 47. Charges should be made to other activity accounts in case benefit accrues thereto.

The Forest and Range Experiment Stations will make use of Indirect, Maintenance, Investment, and Cooperation and Miscellaneous activity accounts as necessary to secure proper activity distribution. In addition, Stations administering Experimental Forests will, no doubt, have charges to Expense and Protection activity accounts. The extent to which these accounts are used will depend on the nature of the work on such Units. It is intended the Stations will treat as investments only the following: (1) equipment, (2) buildings and other structures for general use, (3) improvements which will contribute to more than one research project and (4) investment work of a project nature where all or part of the benefit accrues to National Forests or Forest activities rather than Research. (In such cases the investments would be assigned resource classification to reflect the proportionate benefits to Research and to the other resources. Depreciation and maintenance costs will be distributed accordingly). (See instructions under Cost and Investment Section). Charges will be recorded by projects, classes or activities the same as for other Service Units, and in addition all charges to Activity Account No. 47 will be recorded by Research projects, or by sub-projects where desired.

All charges which are to be transferred to other Units will be recorded by projects, or in such other manner as may be prescribed, to facilitate transfer to, and identification by, the other Units.

Where charges accrue to income-producing activities, in connection with administration of Experimental Forests, and the receipts are deposited to the credit of the National Forest, the charges will be transferred to the National Forest, except where excessive on account of experimentation in which case the excess cost will be retained by the Station.

All charges which are to be transferred by other Units to Research Units will be recorded on the records of such Units by research projects (or by research sub-projects when so instructed) and by appropriations, since this information must be supplied in connection with all transfers to Research Units. In the case of charges which are to be transferred to "Regional Office Research Units", Research project need not be designated unless otherwise directed by the Regional Forester. (All items reported in Activity Expenditure Reconciliation Statement by Research Units which represent an increase or decrease over the July 31, Financial Statement, Form 44 or 279b, must be identified as to appropriation involved.)

Charges to "General Overhead" will be distributed to activity accounts and projects (and Research projects at Forest and Range Experiment Stations) on the basis of hours as shown by Form 34. (See also instructions under "Distribution of Overhead").

Do not confuse cost accounting procedure with the fund accounting report required by Manual instructions which is a special report needed for budgetary purposes, and which in addition to the above, provides also that expenditures for construction, maintenance, equipment and non-research work be prorated. Any additional information computed for this report should not be posted to the Cost Accounting records.

NURSERIES

Government Nurseries.

Nurseries will be considered as Units and separate Cost Accounting reports will be required. Ordinarily the detail recorded in connection with Nursery Administrative Costs, for use in preparation of Annual Nursery Report, will provide sufficient information for preparation of Service Cost Accounting records and reports. In such cases distribution to Service activities need not be made until the close of the period. Nursery expenses will be distributed to (1) Maintenance accounts, (2) Investment accounts and (3) Cooperation and Miscellaneous accounts. The maintenance accounts, except No. 17, will subsequently be cleared when computing Activity Costs. (See instructions under "Distribution of Maintenance").

Since the Nursery Administrative report is prepared by calendar years and the Service Cost reports by fiscal years, it will be necessary to distribute suspense items and determine Service Activity Cost distribution twice a year.

To secure distribution of expenses by Service Activities from Nursery Administrative Cost records the following procedure will govern: (1) clear minor projects 7 to 9 inclusive, charging Nursery projects 1 to 6 and 10 to 12 as appropriate, (2) consider all charges to Nursery projects 1 to 6 inclusive as Activity Investment Account No. 27 charge, (3) consider project 10 charges as charge to maintenance accounts 15 to 19.3 inclusive as appropriate, (4) consider project 11 charges as charge to Activity Investment Accounts 20 to 26.2 inclusive and 28 to 37.2 inclusive as appropriate and (5) consider project 12 charges as charge to Cooperation and Miscellaneous Accounts 42 to 46 inclusive and 51.1 unless they represent charges against other Units in which case they will be transferred to the Unit concerned.

Activity Investment Account No. 27, Nurseries, will not receive any charge on account of Forest or Regional Office prorated "General Overhead", except accounts for Plains Shelterbelt Project where they will receive charges account Shelterbelt State Unit "General Overhead." (See instructions under "Distribution of General Overhead").

Commercial Nurseries.

The term "Commercial Nurseries" will apply in cases where the Service leases areas within Commercial Nurseries and utilizes such areas for the production of Nursery stock. At the present time this procedure is followed only in connection with the Plains Shelterbelt Project.

Since Nursery Administrative Cost records are not required, it will be necessary to maintain currently Service Cost Accounting records. The necessary records will ordinarily be maintained in the offices of the State Directors.

Cost Accounting records will be maintained by States, unless instructed otherwise by the Director. Cost Accounting reports will be submitted by States and each such report will include all charges pertaining to all the Commercial Nurseries within the State, but such reports will be separate from those submitted for the regular State Shelterbelt Units.

Appropriate share of State Shelterbelt Unit "General Overhead" will be distributed to Activity Investment Account No. 27, Nurseries, for these Units. (See instructions under "Distribution of General Overhead").

REGIONAL OFFICE

The Activity Expenditure record will be maintained for the Regional Office in the Regional Fiscal Agent's Office. The following general procedure will govern current postings:

The Voucher Register will serve as Activity Expenditure Record for Central Purchase expenses.

Salary expenses (except Central Purchase Salaries) will be charged to Activity Account 50, Salaries, Suspense.

Expense for equipment and for other investments will be charged to the appropriate investment activity account.

Traveling expenses of employees submitting Forms 26 will be charged to activities on the basis of field time charges as shown by the Forms 26. All other traveling expenses will be charged to the Division to which the traveler is assigned.

Other expenses such as for supplies, rentals, etc., will be charged to Divisions benefited or charged to Activity Account 49, Supplies and Other, Suspense, for later distribution to Divisions.

Drafting employees' time charges which are computed monthly will be posted in terms of dollars and cents to a separate set of Forms 21-i. (Since a large share of these charges will be against Forest activities, a separate

sheet should be used for each Unit, including Regional Office, and all postings should be by activities, except for Regional Office charges which will be by Divisions, and projects where applicable). Time charged to Drafting Overhead and Leave will be carried as a separate item for later distribution.

Forms 34-a will be maintained for all employees submitting Forms 26, except Drafting employees. The minimum requirement is that the following members of Regional Office personnel will submit Form 26, Service Reports: (a) All field-going employees doing direct work for Forests or other Units. This will include such employees as Specialists, Project Men, etc.; (b) All Draftsmen, and (c) Other members, as directed to do so by the Regional Forester. Time charges which are to be treated as chargebacks to Units will be recorded by activities and by projects where applicable. Time charges against Regional Office will be recorded by Divisions unless in connection with a specific investment for which separate cost is needed.

An account will be used for each Division as listed below to receive charges resulting from Division duties (except those charged direct to specific activities on account of Regional Office investments). These accounts will be designated by name of Division. At the discretion of the Regional Forester these accounts may be sub-divided or expanded to record charges by Sections within the Division.

Division Accounts:

Regional Forester and Operation (including salaries, expenses, and office expense of Law offices, messengers, telephone operators, janitors, watchmen and similar employees)

Personnel

Timberland Management

Range Management

Wild Life Management

Recreation and Lands

Fire Control

Acquisition (including law - acquisition)

Lands Use Planning

State and Private Forestry - Clarke-McNary

State and Private Forestry - Fulmer Act

State and Private Forestry - Private Forestry

Information and Education

Fiscal Control

Engineering - Roads

Engineering - Other

Blue Print Plant expenses will be handled similarly to Central Purchase expenses in Regions where Blue Print Plant charges to Forests are handled as transfers of disbursements on Form 79-ab. In other Regions they should be handled in the same manner as Drafting expenses.

Bureau of Public Roads expenditures will be determined at close of fiscal year from reports submitted by the Bureau and will be included in the Expenditure Records as an expenditure adjustment. The distribution by activities will be secured from the Bureau of Public Roads Annual Road Report. Undistributed overhead included on the Bureau of Public Roads report will be prorated to construction and maintenance on basis of direct charges.

Ordinarily all charges to investment activities will be charged back to the Forests concerned at the end of the year, except for such Regional Office items as Equipment, Stores, and General Plans and for Forest Highways, for all of which the investment records will be maintained in the Regional Office. In cases where Forests are allotted Highway Funds and actually construct the Highways, the investment will be carried in the Forest records, and any Bureau of Public Roads expenditures will be transferred to the Forests by projects.

CLOSING THE ACTIVITY EXPENDITURE RECORD
FORESTS

Outstanding Liabilities.

At the close of the fiscal year the Forests and other Units will determine and submit for payment, so far as practicable, before July 31, vouchers for all outstanding liabilities payable from annual appropriations. At the close of July or at the time final Form 44, Financial Statement, for the fiscal year is prepared, all outstanding liabilities payable from annual appropriations, for which vouchers have not been submitted for payment, will be listed, included in lump sum on the Form 44, and distribution made of such liabilities to the Activity Expenditure Records, Forms 19-h or 21-i. All appropriations expiring during the fiscal year or at the close of the fiscal year will be treated as "Annual" appropriations.

Unvouchered liabilities affecting Form 19-h records will be entered on one line in the "Expenditures from Appropriations" section of each project affected and included in the "Total to Date" column. All unvouchered liabilities will be reported on one Form 79-b, unless otherwise directed by the Regional Forester, showing the total amount by appropriations and Bureau of the Budget classifications.

Before any other adjustments are made, the total of all Activity Expenditure Records should be in agreement with the total disbursements and outstanding liabilities as shown by the final Form 44 approved as correct by the Regional Fiscal Agent, after reconciling on account of disbursements which are not included in Activity Expenditure Records, such as Refunds to Cooperators, Refunds from Cooperative Work, F. S., etc. No further entry of disbursements will be made until adjustment for details and distribution of Overhead have been made, and the Expenditure Statement, Form 43, prepared.

After all entries and adjustments affecting expenditures have been made on the Forms 19-h, a line will be drawn horizontally across all 19-h records upon which outstanding liabilities have been entered, or to which expenditure postings are made subsequent to the preparation of Form 43, indicating that the data for Form 43 was taken off at that point. Subsequent payment of the unvouchered liabilities will be recorded below this line, and costs need not be adjusted, unless the difference between the liabilities included and the amount subsequently paid is of an amount sufficient to warrant correction of costs on the project or activity concerned, in which event the correction will be accomplished at the time Form 43-c is prepared. (See "Adjustment of Accrued and Deferred Charges").

Adjustments.

All adjustments affecting the expenditures of other Forests and Units

should be determined as soon after June 30 as possible, and reported by Journal Vouchers to the Units affected, but not entered on the Activity Expenditure Record until the outstanding liabilities have been taken up and the Activity Record proven with the final Form 44, Financial Statement. The following steps should be taken to insure that all adjustments are made: Ascertain, (1) that other Forests and Units have been furnished Service Reports covering details to them, (2) that the Regional Fiscal Agent has been furnished Service Reports covering details to Units in other Regions, (3) that expenditures other than details properly chargeable to other Units are transferred, such as land exchange expenditures affecting another Forest, etc., (4) that expenditures other than details transferred from other Forests or Units are taken up, (5) that Regional Office chargebacks are taken up, (6) that necessary adjustments in Forest accounts are made, such as transferring expenditures on account of Fire Cooperation from the fire activities to Fire Cooperation, Account No. 42, (7) that details from and to the Forest are taken up. This will be done by entering the value of details to the Forest as a charge to the "Salaries, Suspense" account, and the value of details from the Forest as a credit to the same account. The net total of this account should then equal the totals distributed on Form 34-A and summarized on Form 34. Advice as to expenditures affecting other Units within the Region will be forwarded to the Units concerned not later than July 31 (unless otherwise directed by the Regional Forester) and earlier whenever practicable.

Distribution of Salaries, Suspense (Annual).

Form 34-A, Summary of Service Reports, will be posted monthly for all members of the Forest force whose salaries are not distributed currently to activities or whose time will be used later as the basis for distribution of General Overhead, etc., and details to the Forest. At the end of the fiscal year the value of the time will be calculated by activities for the fiscal year on all Forms 34-A for employees whose salaries have not been distributed to activities currently, showing in addition amounts chargeable to expansion accounts, and projects under investment accounts. Before the hours shown for activities on Forms 34-A are reduced to a money value, it should be ascertained that the total of all salaries on these forms equal the total in the account "Salaries, Suspense" including adjustments made on account of details. These data will be summarized on Form 34 "Summary of Salaries and Distribution of Indirect Expenditures."

For fire statistical purposes it is necessary to compute contributed time on individual fires on a basis other than the fiscal year. When it is desired that Form 19-h records for fires agree with the Individual Fire Reports, Form 929, the value of the contributed time, computed currently for statistical purposes, may be posted in the "Memorandum" column of the Form 19-h. Such entries will be excluded from fire expenditures in each case when balancing the Expenditure Records with the Voucher Register, and before summarizing the cost of all fires for posting to the expenditure sheets, Form 21-i, at the close of the year.

For cost accounting purposes the total value of actual contributed time computed at close of fiscal year for Fire Suppression may be posted direct to the activity on Form 21-i; computation for individual fires not being necessary.

Form 34 will be considered a journal voucher and will be prepared as

soon after the end of the fiscal year as possible, so that the other Units may be advised at the earliest date possible of total expenditures, including expenditures for salaries other than details, which are to be transferred to them. The distribution to Activity Expenditures shown by the summarized Form 34 will be posted to the Activity Expenditure Records as "Distribution, Salaries Suspense," and the "Salaries, Suspense" account cleared by credit entry, prior to the transfer of the Form 19-h expenditures to the summary record Forms 21-i.

Distribution of Salaries, Suspense (Monthly).

Distribution on a monthly basis may well be expected to furnish valuable information, and, where time permits of the additional work, this method of distribution should be encouraged on Units where current use of the information will compensate for the time and effort expended in compiling it.

Monthly distribution will be employed only upon specific approval of the Regional Forester. The following procedure will govern:

Forms 26, Service Reports, will be completed in the Forest office to show value of time charges. These charges will be posted to activity accounts and projects on Forms 21-i and 19-h. In computing time values (1) salary paid on account of leave with pay (annual, sick, or military), and compensatory time for overtime work performed on Saturdays in preceding months, will be computed on the basis of days and fraction of days, multiplied by the daily rate as secured from the salary tables. This amount will be charged to Activity Account No. 50, and (2) the remaining salary paid the employee will be prorated to activity accounts and projects on the basis of hours worked on such activity accounts and projects as shown by the Form 26.

The charges to Activity Account No. 50 will be held for proration to Activity Accounts 1 to 51.1 inclusive at the close of the year, on the basis of hours worked by the employee.

A record will be maintained of hours worked by activities and projects for use in distributing salary suspense, general overhead, general maintenance and depreciation at the close of the year.

Distribution of Supplies and Other, Suspense.

It is assumed that such supplemental records as are needed to properly distribute the expenditures periodically or at the end of the year will be kept, such as Service Reports in the case of upkeep of pack stock, teams, etc., record of use in the case of large equipment for which standard operating, repair and depreciation rates are authorized, or record of issue in the case of supplies, etc. When the distribution to activity accounts has been determined and the proper amounts posted, the suspense account should be credited.

The plus or minus balance remaining in the several suspense accounts representing: (1) the difference between actual expense for operation and repair of large equipment, for which standard operating, repair and depreciation rates are authorized, and the amounts credited account of distribution to projects and activity accounts on the basis of use applied by the standard rates; (2) the difference between expenses for stores, including procurement

and handling thereof, and the value of issues, including handling charges, will be considered as investments in stores and transferred to the appropriate Stores account by classes.

This should be done prior to the transfer of expenditures on Forms 19-h to the summary records, Forms 21-i.

Expenses paid from allotments for Roads and Trails and charged to these accounts, remaining undistributed, will be transferred to the Stores account, 37.2, the project record sheet Form 19-h showing the appropriation from which paid in order that the expenditure may be reported under the proper fund on the Road and Trail Annual Report. Ordinarily, semi-expendable and non-expendable equipment will not be charged to Stores except for Central Purchases and Warehouses. Such equipment should be charged to the appropriate equipment accounts unless stocked for future distribution.

Ordinarily, these accounts will be cleared monthly, so far as practicable, for fund accounting purposes and also for cost accounting purposes if monthly costs are desired.

Transfer of Expenditures from Forms 19-h to Forms 21-i.

After posting expenditures transferred from other Forests and Units, and making all other adjustments required, the Forms 19-h should be summarized and posted to the activity accounts on the Activity Expenditure sheets, Form 21-i, as "Transferred from Forms 19-h" setting up accounts on Forms 21-i for all activity accounts for which sheets have not previously been set up. All expenses, including direct expenditures from appropriations, contributed time, contributed expense, unvouchered liabilities, etc., recorded on Forms 19-h for projects, will be included in the amounts transferred to Forms 21-i. Expenses for semi-expendable and non-expendable equipment will be transferred to the appropriate equipment account and not to the investment account for the projects, except equipment stocked for issue which will be transferred to the appropriate Stores account.

Determination of Direct Expenditures.

The activity accounts will then be totaled and brought down as "Total Direct Expenditures." Before proceeding further the total activity expenditures should be balanced. This will be done by making up the Reconciliation Statement, as called for on reverse of Form 43, Activity Expenditure Statement, which shows: (1) Total expenditures as shown by final Form 44, including outstanding liabilities, (2) Chargebacks from Regional Office, (3) Details from other Units, by names of employees and Units, (4) Transfer of expenditures from other Units, by names of Units, (5) Details to other Units, by names of employees and Unit, (6) Transfer of expenditures to other Units, by names of Units, (7) Miscellaneous refunds, special deposit disbursements and disbursement account claims under the Act of December 28, 1922. The net total should agree with the total Direct Forest charges.

Distribution of Civilian Conservation Corps Camp Overhead.

Camp Overhead Expenses charged currently to expansion account 1-(m), will be distributed by camps not less often than quarterly and preferably monthly. The amounts distributed will be treated as direct charges.

The Overhead for each camp will be distributed to the projects and activities, including No. 1, worked on by the camp, on the basis of the effective Civilian Conservation Corps enrollee man days.

Distribution of General Overhead.

General Overhead charges will be determined for Activity Accounts and projects under No. 2 to 51.1, except 27, and 34 to 37.2; on the basis of hours worked as shown on Form 34 on these activities by the following classes of employees on Forests; and by comparable employees on other field Units:

1. Assistant Forest Supervisors.
2. Technical Staff Assistants.
3. Executive Assistants and Assistant Clerks.
4. District Rangers, except when working as an assistant under a Project Chief.
5. Chiefs of field parties. This will include chiefs of all parties working independently of, or under very general supervision of, the Forest Supervisors, District Rangers or the Staff Specialists. This will include Chiefs of Timber Survey parties, Grazing Survey Parties, Acquisition Examination and Survey Parties, Civilian Conservation Corps and similar Camp Superintendents, Superintendents of Road Construction, etc. Where Civilian Conservation Corps spike camps are operated practically independently of the main camps, the time of the spike camp foreman will also be used.

The total of the "General Overhead" distributed to projects should agree with the amount charged to the activity account concerned.

The distribution will be made in the columns provided on Forms 34, and will include not only General Overhead salaries but all other General Overhead account expenses. Distribution to activity accounts should be accomplished on the face of the forms and project distribution on the reverse of the forms. Distribution need not be made to Expansion Accounts or Supplemental Records unless the information is desired for local use.

The charges to activity accounts so secured will be posted to the activity accounts on Forms 21-i as indirect, with the exception that the charges computed for Activity Account No. 40 will be combined with those for Account No. 39 and the combined amount posted to Activity Account No. 39. The sum of the distribution will be posted to Activity Account No. 1 as a credit to clear the account. The charges to projects will be posted to the individual project sheets, Forms 19-h. The charges to maintenance will be posted to the Forms 19-h maintained by classes. The amount of indirect distributed to Activity Account No. 25.2 will be posted to the "non-reimbursable" columns on Forms 19-h.

The above procedure should be observed uniformly on all field Units, with the exception that the State Shelterbelt Units will include Activity Account No. 27 as one to receive General Overhead charges.

Determination of Total Expenditures.

The sum of the "Total Direct" and "Total Indirect" charges will equal the "Total Expenditures." These three items, namely Direct, Indirect and

Total, constitute the figures to be used in preparing the Activity Expenditure Statement, Form 43.

REGIONAL OFFICE

The general procedure for closing the Activity Expenditure Records will be similar to that used on the Forests. The more important phases are:

Preparation of Regional Office Reconciliation Statement. The statement may be completed at this point except for deduction account of Regional Office chargebacks, amount of which should be entered later when determined.

Completion of Forms 34-a to show value of time charges.

Distribution of Activity Account 49 charges by Divisions.

In connection with transactions concerning printed forms which are handled through the Supply Depot (Region 5) the Supply Officer will currently record the thousands of forms furnished each Forest or other Unit. The Washington Office will transfer on Journal Vouchers the cost of all printed forms sent the Supply Depot. At the close of each fiscal year the Supply Officer, or Regional Fiscal Agent of Region 5, will prepare Journal Vouchers transferring to each Unit the cost of forms furnished them. Cost will be computed on the basis of average cost per thousand of all forms. Sufficient copies of the Journal Vouchers will be prepared to provide copies for the Supply Depot, Regional Fiscal Agent of Region 5, Regional Fiscal Agent of receiving Region and the individual Unit involved. Cost of forms destroyed on account of revisions, abandonment, etc., will be treated as a transfer to the Washington Office. Any balance remaining in the "Forms" account after transfers are made as outlined above will be treated as an investment in Stores.

Preparation of Form 34 which will consolidate all time charges included on Forms 34-a to Activities and Projects and to Divisions for Regional Office and facilitate later posting to the Expenditure Records. Include details to and exclude details from Regional Office.

Distribution of Drafting Overhead: This will include time of members of Drafting charged to Drafting Overhead on Forms 26, and expenses for Drafting supplies which have currently been charged to Activity Account 49 on Expenditure Records. Distribution will be made to all Units (including Regional Office) as charges to Activity Account No. 1 for field Units and to Divisions for Regional Office on the basis of total direct Drafting charges to all activities and Divisions for the year.

Posting of charges from Form 34: Regional Office charges should be posted direct to the regular Activity Expenditure Records. Charges to Forests and other Units should be posted to the Forms 21-1 maintained currently for Drafting charges. Activity Account No. 50 will be cleared by (a) deducting Drafting salaries distributed, (b) deducting salaries included on Form 34 and (c) transferring balance to the appropriate Division Accounts on the basis of Divisional assignment of the employees whose salaries are included. This amount would equal the salaries of those employees who do not submit Forms 26.

Post Central Purchase net expenditures from Voucher Register to Activity Expenditure Records. This will affect only "Stores" activities.

Secure distribution by activities of Bureau of Public Roads expenditures from Bureau of Public Roads Road Report, and post to Activity Expenditure Record. Include these amounts as plus adjustments in reconciliation statement by appropriations. Undistributed items including overhead will be prorated to construction and maintenance on basis of direct charges. In Regions where Forest Highway Investment is carried on Forest records, the charges for construction should be determined by projects for transfer to the Forests concerned.

Post all transfers of expenditures to and from the Regional Office (except Regional Office chargebacks to Forests). This will include transfers from Forests on account of expenses for construction and maintenance of Highways, except in Regions where Forest Highway records are maintained on the Forests, etc., and transfers between Regions.

Consolidate all Regional Office charges. This should be accomplished by transferring Regional Office charges from Drafting Forms 21-i to the Activity Expenditure Records.

Consolidate all charges to Forests and other Units. Since the large share of these charges appears on the Drafting Forms 21-i, it will usually be more convenient to accomplish this consolidation by transferring the charges from the Activity Expenditure Records to the Drafting Forms 21-i.

Prepare Journal Vouchers for all Regional Office chargebacks (the present total of the Drafting Forms 21-i) and show total chargebacks as a deduction in the Reconciliation Statement.

Balance Activity Expenditure Records with net total of Reconciliation Statement.

Total charges now shown to activities represent the expenditures to be reported on Form 43-a. Charges to Division Accounts will be reported as such and such accounts should be inserted before Activity Account No. 2 on Forms 43-a, in Regional Office column only. For reporting purposes the gross expenditures by each Division should be determined. (For this purpose salary records and Forms 88 may be utilized in securing amount of salary and expense account payments.) The report on Forms 43-a for Division Accounts should show: (1) Gross expenditures, (2) Transfers to other Forest Service Units, and (3) Net total expenditures. These latter amounts will not be included in the grand totals of Form 43-a. Immediately following the "Total" block for "Total Regional Division Accounts," the following statement should be inserted: "Prorated to Activities 2 to 14, (17 in Regions 7, 8 and 9 only) Regional Office Contributions to Investments, Activities 38, 39 and 41 to 51.1 as shown below on the basis of Forests' direct time charges to Activities 2 to 14, (17 in Regions 7, 8 and 9 only), 20, (21 in Regions 7, 8 and 9 only), and 22 to 51.1.

Charges to Research Division Account, not chargeable to projects and treated as chargebacks to Experiment Stations, will be reported on separate Form 43 for "Regional Office Research Unit" as Activity Account 47.

The total charges to Division Accounts will be prorated to Activity Accounts 2 to 14, (17 in Regions 7, 8 and 9 only) 20, (21 in Regions 7, 8 and 9 only), and 22 to 51.1 inclusive on the basis of Forests' time charges for

distribution of General Overhead as shown on Forests' Forms 34. The amounts so secured for Activity Accounts 20 to 37.2 inclusive will be combined and reported in separate block on Forms 43-a immediately following Activity Account 37.2 as "Regional Office Contributions to Investments", and the amount so secured for Activity Account No. 40 will be included with that secured for Activity Account 39, and the combined amount reported as a charge to Activity Account No. 39. These prorated amounts will be reported in the Regional Office column on Forms 43-a as "Indirect". (The amount reported as "Regional Office Contributions to Investments" will be treated as an Investment by the Regional Office, and will be written into costs of subsequent fiscal years at the rate of 5% a year).

ANNUAL ACTIVITY EXPENDITURE STATEMENTS
FORESTS

Salaries and Expenses Appropriation Activity Expenditure Report.

At the close of each fiscal year, each Unit will submit report showing distribution, by activities, of all expenditures from the sub-appropriation "Salaries and Expenses, Forest Service (National Forest Administration), Region." To secure the information for this report at the close of the fiscal year add (1) amounts distributed currently to Forms 21-i, Activity Expenditure Record, (2) amounts posted to Forms 19-h, Project and Expenditure Record, including expenditures posted as "contributed" to projects, (3) amounts chargeable to activity accounts as result of distribution on Forms 34 of salaries paid from S. & E., Region, and (4) amounts of indirect charges resulting from distribution of General Overhead items, including salaries, paid from S. & E. Region. The distribution of salaries on Form 34 and the distribution of General Overhead may be readily secured by insertion of a sub-total column on the distribution sheet. To the sub-total column will be posted only the distribution of the S. & E. Region expenditures. It will not be necessary to post this distribution to the permanent records, since the amounts will be included in the total distribution. The amount reported by the Unit must agree with amount shown on the final Form 44. Only the total charge to each activity account as result of S. & E. Region expenditures need be included. This report will be due in the Regional Office by August 10.

Form 43, Activity Expenditure Statement.

A transcript of the Activity Expenditure Records should be made on Form 43, Activity Expenditure Statement, and submitted, in duplicate, to the Regional Forester as called for in "Schedule of Reports." Care should be taken to see that Reconciliation Statement on the reverse side of the form has been prepared as proof in closing the Activity Expenditure Record. Inter-regional adjustments included in the Reconciliation Statement will be itemized by appropriations.

Forest Reports will not include any charges to Activity Accounts No. 27 and 47. Charges to these activity accounts will be transferred to the Unit concerned and included in the separate reports for Nurseries and Research Units.

Net receipts to be entered on the face of Form 43 will include only those shown in the Official Statement of Receipts annually prepared by the Regional Fiscal Agents. Receipts, including Trespass and Settlement, from Income Producing Activities should be shown in the column provided.

The receipts for Uses will include fiscal year receipts for Special Uses, Water Power and Occupancy Trespass as shown by the Official Receipts Statement after deducting from "Uses" the receipts for revenue Fish and Game as taken from the Forest Receipts Records.

The receipts for Fish and Game, Revenue, will include the receipts from the sale of fish, game, and licenses, as taken from the Forest Receipts Record and this figure will be the exact amount deducted from "Uses" in determining income for "Uses, Revenue." Fire Trespass receipts should be shown in space provided for "Miscellaneous Receipts." Total receipts will be the sum of the above.

Reduction of grazing fees for improvements under Regulation G-15-c and G-16 will be inserted by the Forest, the data being shown separately for "C&H" and "S&G" under each Regulation.

Net usable grazing area and fire control area data as called for on Form 43 will be supplied by the Regional Office.

The computed income for each class of stock will be reported by the Forests. To compute the income, use the total value of all letters of transmittal issued for each class of stock, including the value of grazing fee reductions under Regulation G-15-(c) and G-16, plus the value of all "paid" letters of transmittal issued in connection with grazing trespass. The value of the letters of transmittal issued may be secured by summarizing the current year entries on the Grazing Record Cards, Form 621, for each class of stock and the Grazing Trespass Record Cards, Form 618, for each class of stock; or determined by summarization of the Grazing letters of transmittal entered in the approved column on the Receipts Register for the current year, plus the actual Grazing Trespass receipts.

The reports will be accompanied by a statement showing the following in connection with Activity Account No. 25.2: (1) Reimbursable amounts paid from specific appropriations under the Fulmer Act, (2) All other reimbursable amounts, (3) Non-reimbursable amounts, and (4) Total by (a) State Forest Units, (b) Sub-totals for each State and (c) Grand Totals.

The reports will be accompanied by a statement showing amounts charged by States to Activity Expansion Account No. 44(b), Forestry Extension, Fulmer Act.

The reports will be accompanied by a reconciliation with the "Road and Trail Annual Report." This will show by activities (1) Amounts reported on Road and Trail Reports, by States and Grand Total, (2) Deductions, by States, for items not included in the Activity Expenditure Report, but which will be included in the Activity Cost Report. (This will include Equipment Rentals, Civilian Conservation Corps Enrollees' Labor and other adjustments, including adjustment on account of Activity Account 19.2 expenditures distributed to Road Construction. Deductions should be shown by classes). (3) Net Total Expenditures by States, (4) Total Expenditures by Activities for 15, 16, 17, 19.2, 20, 21, 23.2 and 37.2 from Form 43 and (5) Balance between total expenditures for these activity accounts and net total expenditures from Road and Trail Report. The sum of the Minor Road, Truck Trail and Trail construction reported on the Road and Trail Reports should balance with Activity Account No. 20. The sum of the amounts reported for Minor Road, Truck Trail and Trail maintenance

will include the cost of maintaining Other Improvements, Road and Trail, and therefore should balance with the sum of Activity Accounts 15, 16 and 19.2, but the charges to road maintenance or trail maintenance on the Road and Trail Report must not be less than the charges to 15 or 16 on Form 43. (In cases where Forests maintain Forest Highways, this cost should be included when balancing). Where the Forest Road and Trail Reports include Road and Trail Costs incurred by Experiment Stations or Other Units, the reconciliation will show the amounts so involved.

The reports will also be accompanied by a statement showing by activities the hours used in the distribution of General Overhead.

State Shelterbelt Units will follow the above procedure except that ordinarily they will have nothing to report regarding Receipts, Income and other statistical data.

NURSERY AND RESEARCH UNITS

Forest and Range Experiment Stations, the Tax Inquiry Unit, the Forest Products Laboratory, Regional Office Research Units, Washington Office Research Units, and Nurseries will report their Activity Expenditures on Form 43 using the accounts applicable to their work; the report of the Laboratory being submitted to the Chief, Forest Service, not later than September 10; the report of the other Field Units being submitted in triplicate to the Regional Forester on or before the date called for in the Regional Schedule of Reports.

Where Experiment Stations, or other Units under this class, submit separate Road and Trail Annual Reports, reconciliation should be prepared and submitted following the procedure prescribed for Forests.

Where these Units have made expenditures from the sub-appropriation "Salaries and Expenses, Forest Service, (National Forest Protection), Region", report will be required showing distribution by activity accounts. (See instructions under "Forests").

The total expenditures reported on Form 43, should agree with the total expenditures from all appropriations entering into costs as shown in the final Form 44, Financial Statement, after adjusting for transfers of expenditures made to or from the Unit on account of details or for other reasons. Such adjustments will be included in, or deducted from, the reported expenditures, as the case may be, and itemized in the Reconciliation Statement on the back of the form by type of adjustment, and by Units concerned. For Research Units, adjustments will also be itemized by appropriations. Inter-regional adjustments will be itemized by appropriations on all reports. In cases where Nursery accounts are handled as a part of the Forest records, the total of the Nursery Expenditure Statement must agree with the amount shown on the Forest Statement as transferred to the Nursery Unit.

In the case of Plains Shelterbelt Commercial Nurseries, all such Nurseries within a State will be considered as a Unit for reporting purposes.

REGIONAL OFFICE

Salaries and Expenses Appropriation Activity Expenditure Report.

Report of expenditures from the sub-appropriation "Salaries and Expenses, Forest Service, National Forest Administration, Region", by activities will be prepared for the Regional Office.

When Forest reports are received they will be checked with final Form 44, Financial Statement. Summary report should be prepared for the Region showing total regional expenditures from the sub-appropriation by activities. The total amount should agree with the July 31 Financial Statement and should include outstanding liabilities to June 30.

The report should be forwarded at the time Bureau of the Budget Object Symbol report is submitted and should reach the Chief, Forest Service, by August 20. Data need not be shown for individual Units.

Forms 43 and 43-a, Activity Expenditure Statements.

Form 43, Activity Expenditure Statement, will be prepared covering Regional Office expenditures, including Central Purchase, but the form need not be submitted to the Washington Office.

Forest Statements should be checked as received to see that they are in balance with the Forest's final Form 44, taking into consideration adjustments that have been made between Forests and other Units.

When all Forest Statements are complete they should be combined on Form 43-a, Regional Activity Expenditure Statement, including class totals for "Expense," "Investment," "Protection," and "Cooperation and Miscellaneous". Regional Office expenditures for Division and Activity Accounts will be added in the "Regional Office" column, the totals for each activity being extended to the "Total" column. Total will be shown for "Division" accounts. Grand totals of the Direct, Indirect, and Total Expenditures, and Total Receipts, by Forests, Regional Office, and totals, will be shown on the last sheet of the statement. The grand total for "Receipts" should agree with the net amount shown in the "Official Receipts Statement." Activity account numbers and titles will be inserted in the spaces provided; in the case of class totals, inclusive activity account numbers will be shown in addition to the title, such as "Total - Expense Accounts, 2-19.3."

The value of timber cut under land exchange procedure will be inserted on the blank line following "Receipts" under Activity Account No. 2 as "Timber for Land".

Forms 43-a are not required for Research Units and Nurseries, but a certified copy of the Form 43 for each of these Units will be submitted to the Washington Office.

The Forms 43-a should have the pages numbered with pencil and should be forwarded in time to reach the Washington Office not later than September 10. They should be neatly prepared by typewriter, pica type, with good ribbon suitable for photo-lithographing, and mailed without folding.

The statements should also be accompanied by a Reconciliation Statement, Form 21-k, prepared from the July 31 Financial Statement, Form 279-b, showing Total disbursements, (Bureau of Public Roads disbursements from Forest road appropriations will be included as plus adjustments by appropriations), Memorandum of Cooperative Funds included in the total, Deduction of fund disbursements not entering into Forest Service costs, Adjustments for details and expenditures transferred to or from the Region, and the total activity expenditures for the Region and must be in agreement with an added recapitulation showing the totals of the Regional Form 43-a, and Forms 43 for Research Units and Nurseries. Items covering transfers from and to Research Units, and inter-regional transfers will show symbol for the appropriation from which payment was made. Expenditures from State Emergency Conservation Work Procurements will be shown as a deduction account "Included in separate Report." (See sample Reconciliation Statement on reverse of Form 21-k).

The Regional Office should provide the Washington Office with Supplemental Report showing the following data by Forests and Regional totals: (1) computed income, C & H, (2) computed income, S & G, (3) net acreage usable area of grazing land (include G-4), (4) gross fire control (Forest) area, (5) amount of reduction to grazing fees for improvements under Regulations G-15-(c) and G-16 -- show data for "C & H" and "S & G" separately.

The computed Income from Grazing will be secured from Forest reports.

The net acreage "Usable Area of Grazing Land" will be taken from block 9, sheet 2, of Form 438, using the acreage shown opposite "Net Usable, Open to Grazing" and "Acres of Private Lands Waived under G-4."

The "Gross Fire Control (Forest) Area" will be secured from the Forms 446-b, using the gross Forest Area except for Purchase Units. For Purchase Units the acreage will be the same as that reported in the preceding calendar year Fire Reports, unless changes have occurred, since that report was prepared, which would materially affect the cost per acre, in which case appropriate adjustments may be made.

The "Amount of Reduction to Grazing Fees for Improvements under Regulations G-15-(c) and G-16" will be secured from the Forest Reports.

The Regional Office will also submit a supplemental report at the time Activity Expenditure Statements are submitted, showing the expenditures from State Emergency Conservation Work funds for the fiscal year by States and by Procurement Authorities. The amounts reported should agree with the disbursements reported on July 31 Forms 279-b, Financial Statements, for the fiscal year including outstanding liabilities for annual appropriations. No distribution by activities will be made.

The Regional Reports will be accompanied by a "Reconciliation with the Road and Trail Annual Report." This will show by activities: (1) Amounts reported on Road and Trail Report (Miscellaneous Expenses, F.S. will be considered as comparable to Division Account "Engineering - Roads"), by States and Grand Total, (2) Deductions, by States, for items not included in the Activity Expenditure Reports, but which will be included in the Activity Cost Reports. This will include Equipment Rentals, Civilian Conservation Corps Enrollees' Labor and Other Adjustments. Deductions should be shown by classes; (3) Net Total Expenditures by States, (4) Total Expenditures, by Activity

Accounts for 15, 16, 17, 19.2, 20, 21, 23.2 and 37.2, and for Division Account "Engineering - Roads", (5) Balance between Total Expenditures for these activity accounts and Net Total Expenditures from Road and Trail Reports.

The Regional Reports will also be accompanied by a statement showing the combined Forests' time charges to activities as used by the Regional Office in distributing Division Accounts.

The reports will be accompanied by a statement showing the following in connection with Activity Account No. 25.2: (1) Reimbursable amounts paid from specific appropriations under the Fulmer Act. (2) All other reimbursable amounts, (3) Non-reimbursable amounts and (4) Total by (a) State Forest Units, (b) Sub-totals for each State and (c) Grand Totals.

The reports will be accompanied by a statement showing amounts charged by States to Activity Expansion Account No. 44(b), Forestry Extension, Fulmer Act.

WASHINGTON OFFICE

Washington Office Unit.

The Washington Office Unit will follow the Regional Office procedure for closing Activity Expenditure Records, so far as it is applicable.

The following transfers will ordinarily be made to Regions and other Units: (1) All expenditures from, (a) Allotments for Roads and Trails, including Bureau of Public Roads expenditures for Forest Highways, (b) Allotments for Acquisition of Lands, including expenditures from Acquisition appropriation by the Department for the Solicitor's Office and all expenditures on account of National Forest Reservation Commission, (c) Forest Fire Cooperation appropriation, (d) Cooperative Distribution of Forest Planting Stock appropriation and (2) Value of (a) Equipment and Supplies issued from Stores, (b) Drafting work, (c) Recreation Folder Maps and Pamphlets, (d) details, (e) Value of printed forms furnished Supply Depot or directly to Regions and (f) any other items properly chargeable to their activities.

Expenditures of Forest Service Funds by the Department or other Bureaus for the benefit of the Service, such as expenditures by the Department from Acquisition appropriations to cover expense of the Solicitor's Office in connection with Land Acquisition, will be included, as an addition in the Reconciliation Statement, by appropriations.

Value of space in Federal Buildings, rentals for space in private buildings not paid from Forest Service appropriations, expense of printing paid from the Department Printing Fund, etc., will be included as "Undeposited Cooperation."

Unvouchered liabilities payable from annual appropriations will be included in the same manner as for other Units, except that such liabilities for purchase price of lands under annual Acquisition appropriations will not be included. These items will be included in subsequent reports on basis of actual amounts vouchered.

Expenses for equipment and other Washington Office investments will be

charged to the appropriate investment accounts. The balance of the Washington Office expenses will be recorded by Divisions following general procedure prescribed for Regional Offices. Accounts will be included for "Research" and "Emergency Conservation Work" in addition to the Division Accounts prescribed under "Regional Offices."

Prorating of Divisional charges to Activity Accounts will be on the basis of total time charges to the same activities by Forests as used for distribution of General Overhead except that: (1) No charges will be prorated to Activity Accounts 17 and 21, and (2) Research Division Account will be considered as an Activity Account 47 charge and transferred to the Washington Office Research Unit. Form 43 will be prepared.

A separate Form 43 will be prepared for the Washington Office Research Unit. This report will include: (1) All expenditures from Research appropriations, and (2) Any other expenditures by the Division of Research including expenditures for equipment.

Service Statements and Summaries.

Reports from Regions and other Units will be checked when received to see that they are in balance with the July 31 Financial Statements, taking into consideration adjustments that have been made between Units.

After Reports have been checked, the following summary statements will be prepared, photo-lithographed and distributed to all Units as appropriate:

- (1) Receipts by States and Classes; Summary by Regions and Classes; also Summary by Regions showing Value of Timber Delivered in Exchange for Land under the Act of March 20, 1922.
- (2) Activities by States. Include as a separate item State Emergency Conservation Work expenditures, by States, but without regard to activities.
- (3-A) Appropriations by (a) Regions 1 to 10, (b) Plains Shelterbelt Project, (c) Forest Products Laboratory, (d) Washington Office, (e) Emergency Conservation Work on other than National Forest Lands; (Nursery and Research Unit Expenditures will be included in this statement under the appropriate Region or Other Unit).
- (3-B) Expenditures from the Sub-appropriation "Salaries and Expenses, Forest Service, National Forest Administration, Region" by Activities by Region.
- (4) Expenditures by Activities by Regions 1 to 10.
- (5) Analysis of Activity Expenditures by Regions 1 to 10.
- (6) Unit Costs, based on Expenditures, for Regions 1 to 10 and Washington Office.
- (7-A) Expenditures by Activities - Washington Office.

- (7-B) Expenditures by Activities - Nurseries (including Commercial Nurseries, by States).
- (8-A) Expenditures by Activities - Research Units.
- (8-B) Expenditure by Appropriations - Research Units.
- (9) Expenditures by Activities - Plains Shelterbelt Project.
- (10) Analysis of Activity Expenditures - Plains Shelterbelt Project.
- (11) Expenditures for Emergency Conservation Work on other than National Forest Lands, by States, showing:
 - (a) Field Expenditures by State Fund Procurements.
 - (b) Washington Office Expenditures prorated on basis of Field Expenditures.
 - (c) Total Expenditures by States.
- (12) Bureau of the Budget object symbols by:
 - (a) Regions 1 to 10, (b) Plains Shelterbelt Project, (c) Forest Products Laboratory, (d) Washington Office and (e) Bureau of Public Roads (Nursery and Research Unit Expenditures will be included in this statement under the appropriate Region or other Unit).
- (13) Receipts by Forests and Classes. Separate statement for each Region.
- (14) Expenditure by Activities - Forests and Regional Office. Separate Statement for each Region.
- (15) Analysis of Activity Expenditures (Use Forms 43-a submitted) by Forests and Regional Office. Separate statement for each Region.
- (16) Unit Costs, based on expenditures (Forms 43-b) by Forests and Regional Office. Separate statement for each Region.

ACTIVITY COSTS AND INVESTMENTS
OBJECTIVES

The Activity Costs and Investment section of the Service Cost Accounting system is designed to accomplish the objectives not provided for in the Activity Expenditure section. These include: Adjustment of Deferred and Accrued Charges; Depreciation as a Cost; Maintenance as a Distributed Cost; and Cumulative Record of Investments.

Adjustment of Deferred and Accrued Charges.

As a means of further ascertaining correct costs for current operations, it sometimes becomes necessary to defer expenditures that are recorded as expenses in one period to a subsequent accounting period. For instance, if considerable marking on a timber sale area is done and the timber will not be cut until the next accounting period, the cost of the marking may properly be

deferred until the period in which the timber is actually cut and removed, so that costs will show properly in relation to timber reported cut and removed. Costs of this nature which closely offset as between accounting periods need not be adjusted. The deferring of expense charges from one accounting period to a subsequent period has the effect of making such expense charges a temporary investment, and in reporting values of investments such charges will be included in the current period. In the subsequent period, these deferred charges will be taken up as expenses or current costs of that period, or such part of them as may be properly chargeable thereto, and the deferred account decreased accordingly.

Deferred accounts will also be maintained to record differences between (1) Central Purchase Operating Expense and Handling Charges, (2) Actual depreciation and depreciation computed on basis of standard life terms (separately by improvements and equipment) and (3) Actual Costs and reports made previously for publication, such as differences between the Activity Cost Statement charges to road and trail activities and the amounts previously reported on the Section 19, Road and Trail Annual Report.

Accrued charges are obligations that exist at the end of a fiscal period for benefits obtained during such period but which are not paid for and included in the accounts for the period. Rent of an office, if not paid for and included in the accounting period benefited, would be an accrued charge. However, the Service has little or no such charges that require adjustment for the reason that accrued charges in connection with annual appropriations are taken up as "outstanding liabilities," and the accrued charges in connection with continuing appropriations are ordinarily for investment accounts and do not affect current operating expenses. Accrued charges arising in connection with continuing appropriations will be charged into the accounting records for the next fiscal period.

In cases where large items have been erroneously included in, or omitted from, the "Unvouchered" liability charges taken into the expenditure statement and corrections are considered desirable, adjustment may be accomplished by use of Journal Vouchers when Expenditures are converted to Costs prior to preparation of Form 43-c. Any adjustments of this nature should be shown on the Form 19-h and 21-i records and reflected in the adjustments column of the Form 43-c and in the Reconciliation Statement, Form 21-i. Minor differences, not materially affecting costs, will be omitted. Ordinarily, maintenance costs of roads and trails involved in continuing appropriations, paid in a fiscal year subsequent to the one in which incurred, will not require adjustments, it being considered that they offset as between fiscal periods.

Depreciation as a Cost.

The term "depreciation" in this system is used to designate all decreases in value of investments that are to be written into current costs, and its use should be construed to include items which might more properly be referred to as depletion, deterioration, etc. No allowance is to be made for appreciation in values.

Depreciation on improvements, equipment, or other depreciating investments, as a factor in costs, arises only because the fiscal or other period for which information concerning costs is desired does not coincide with the service life of the improvements and other investments. If an improvement were entirely used up during an accounting period, its cost could be treated solely

as an expense of operations to be charged to that period. Because the life of the various depreciating investments is not uniform in length and overlaps into several accounting periods, the costs are properly allocated by means of writing into the costs of each accounting period the approximate amount of depreciation on investments which has taken place during the period.

Depreciation of tangible property arises from three main causes: (1) Physical, (2) Functional, and (3) Accidents or contingent causes. Under physical depreciation is included wear and tear from operations and action of time and the elements. Functional depreciation includes loss of value through inadequacy or obsolescence. A trail of a certain class may become inadequate for the traffic over it as the result of increased use, making it necessary to abandon it and construct one of a higher standard; an instrument or piece of equipment or even a building may become obsolete because of new inventions, new developments or radical changes in the work to be performed, causing its abandonment before it has been worn out by use or wear and tear. Depreciation in value of investments from accidents or contingent causes, such as diseases, fire, wind, etc., is not uncommon. Depreciation of intangible property, such as a grazing plan, is usually dependent on lapse of time or abandonment. Thus, most investments tend to decrease in value and nothing that can be done can do more than retard the inevitable. The fact that a building will last 50 years if properly maintained may not be the deciding factor in applying depreciation. If it can be foreseen that developments will eliminate the need for the building in 25 years, that may be the influencing factor. These causes have been considered in estimating the amount of depreciation.

The application of depreciation procedure in accounting serves a number of purposes. It has particular significance in Service accounting from the standpoint of indicating present values of investments and in ascertaining correct costs of current operations, with emphasis on the latter.

There are numerous methods of calculating depreciation but depreciation on Service investments will be computed as follows:

- (1) For improvements, the straight line method will be used, except that it will be modified by: (a) conversion of standard life terms in years to per cent which in turn will be applied to the cost value to determine annual depreciation, and (b) application of the per cent rate annually during the entire actual life of the improvement whether this be greater or less than the standard life term.
- (2) For large equipment, for which standard per mile, per hour or per day rates are authorized, the standard rates will be applied on the basis of actual use during the entire life of the equipment, regardless of whether the total depreciation is more or less than the cost value.
- (3) For small equipment, that costing less than \$250.00 each, depreciation will be applied only at time of condemnation, loss, sale or abandonment at which time entire cost will be depreciated except for sale, salvage or turn in value.
- (4) For certain surveys and plans and other investments, such as Timber Sale Surveys, Investment in Maps, advance survey of

Summer Home Sites, etc., depreciation will be applied on basis of cut, (in the case of Timber Sales), permits issued, (in the case of summer home site surveys), or on the basis of distribution, (in the case of maps). When local conditions warrant, Timber Sale Surveys, Maps, etc., may be depreciated on an annual basis as explained under (5).

- (5) For all other investments which are depreciated, the straight line method will be used. That is, a life term in years will be assigned and the investments will be depreciated by an equal amount each year until the cost value has been fully depreciated, unless the investment is condemned, abandoned or otherwise disposed of prior to the expiration of the life term, in which case the remaining value will be taken into the current year costs unless of sufficient amount to warrant deferring to subsequent years.

Under this latter method the investment will be wholly depreciated at the end of the life term assigned, providing no additional costs have been added during the life. In such event, appropriate adjustment will be made in the annual depreciation to insure that the entire cost will be disposed of during the life of the investment. The amount of adjustment will depend on the extension of the life term by reason of such additional costs.

- (6) The following investments will not be depreciated unless otherwise directed by the Chief, Forest Service.
 - (a) Investment in Lands (Includes those acquired through purchase, exchange, gift or proclamation).
 - (b) Reforestation.
 - (c) Range reseeding.
 - (d) Base map data.
 - (e) Corner record data.
 - (f) Status Record.
 - (g) Nursery stock.
 - (h) Forest Highways.
 - (i) Forest Community, and other Resettlement project investments (until definitely determined whether Service will administer).

It will be the practice of the Service to allow for no scrap value in advance of realization. The scrap or salvage value, when it occurs, will be included in project or activity costs when the materials are used, or its value taken up as an investment in "Stores" until such time as used.

Depreciation will not usually be applied to improvements in the year in which such improvements are constructed. Depreciation may be applied, however, in such cases, if practically a full season's use of the improvements has been secured and the application is necessary for accurate costs for that year.

Maintenance as a Distributed Cost.

The cost of maintaining Service improvements is currently recorded against the Maintenance Activity Accounts 15 to 19.3 inclusive. With the exception of the charges to Activity Account No. 17, the charges represent values accrued to the various resource activities. In the conversion of expenditures into costs, it is necessary to distribute the maintenance costs to the activities benefited, in order to determine the total cost of the activities.

To secure total maintenance costs for administrative purposes and also for distribution purposes, the maintenance charges as secured through the activity expenditure section will be increased by (1) depreciation on equipment and improvements used for maintenance purposes, and (2) adjustments applicable to maintenance accounts, including evaluation of Civilian Conservation Corps enrollees' labor.

Cumulative Record of Investments.

Investments are necessary for the protection, utilization, and development of the National Forest resources. The expense of investments is added to the current cost of operation through the distribution of depreciation.

A cumulative record of investments on Form 21-j will be built up from the current Activity Cost Records. One of its major purposes is to provide the accounting data from which to determine the depreciation costs that should be taken up periodically in the various accounts benefited in addition to the costs currently recorded in the Activity Expenditure Records. Improvements at a Ranger's headquarters, for instance, may render service to all resources.

Aside from determining depreciation costs, there is the more general need for statistical information as to the number and value of investments at stated periods. For this purpose, investments which do not depreciate will be included in the cumulative record of investments as well as those that do.

POSTING AND RECORDING

Activity Costs.

In ascertaining activity costs, the procedure is more one of adjusting and correlating the accounting information obtained under Activity Expenditure accounting than of recording current business transactions. No additional records providing for day to day entries are therefore needed for recording current costs, but additional records are required for recording cumulative investments and depreciation. Such recording of costs as is necessary will be made on the Activity Expenditure sheets, Forms 21-i, immediately following the last entry thereon for "Total Expenditures." When these adjustments of costs, such as distribution of depreciation and maintenance charges, affect projects, or accounts, carried on Forms 19-h, the entries will first be made on Forms 19-h and later carried to the Activity Expenditure sheets 21-i, by activity accounts. Thus, Forms 19-h will be complete as to Expenditures, Depreciation, Maintenance and Adjustments where such information is desired.

The Activity Costs and Investments sections of the Cost Accounting system is concerned primarily with the ascertainment of resource expenses and

Resource investments as distinguished from Expenditures. The resource expense account for a fiscal period, as ascertained in the Activity Expenditure Records, represent, in part, the costs of the benefits for that period arising from the utilization of the National Forest resource. The adjustment necessary to convert the Activity Expenditure accounts into Cost accounts will in some instances indicate the need for expansion accounts in the Activity Expenditure classification that will permit of more accurate adjustments. It is within the discretion of the Regional Forester or Forest Supervisor to initiate expansion accounts to supply this need.

Investment and Depreciation Records.

Form 21-j, Investment and Depreciation Record, is devised to serve several purposes. It serves as a cumulative record of amounts invested and also as a record upon which to compute and record, and from which to charge into operating costs, the decrease in investment values due to depreciation or using up of investments in current operations. It is to be used for all kinds of investments, such as Improvements, Equipment, Other Investments, Stores, and Deferred Charges. No Investment Record is to be maintained, at the present time, covering National Forest land and timber except land which is acquired through purchase, exchange, donations, or additions by proclamations. This will eliminate from consideration as investment the greater part of National Forest lands under Forest Service administration.

Separate Forms 21-j will be maintained for (1) each improvement project, (2) each State Forest Unit under Acquisition, State Forests, (3) each piece of large equipment which is to be depreciated on an annual basis, (4) each Survey or plan, (5) each deferred account and (6) each class of Stores. Total investments in (1) Acquisition Exchange and Gift, (2) Acquisition Purchase, (3) Reforestation Field Planting and Seeding, (4) Reforestation Other, (5) Nurseries, (Planting Stock), (6) All large equipment for which standard depreciation rates are authorized for depreciation on basis of use and (7) All small equipment regardless of class, will be recorded by using a Form 21-j for each class of investment.

Investment Class Summary Sheets.

To facilitate computation of annual depreciation and preparation of reports, a summary sheet, Form 21-j, will be maintained for each class of improvements. Depreciation will not be recorded on individual improvement project investment record currently. For classes such as "Lookout Towers" it will be necessary to maintain a summary sheet for the improvements falling within each life term class.

The Summary Sheet for each class will show (1) Class title, (2) Total miles, acres or number in statistical block, (3) Total to date for columns 1 to 6 inclusive, and (4) Resource classifications. Where the class affects only one resource the classification will be shown in the "resource classification" space in upper right corner of the form. Where the class affects two or more resources the division should be shown on the reverse of the form, using columns as necessary by inserting the appropriate headings. In such cases the division will be shown in terms of dollars and not in terms of per cent as is done on the individual project investment sheets.

The summary sheets will be posted at the close of each year to show

current year changes on account of depreciation, additions, eliminations or other changes.

The forms 21-j will be filed in accounts binders indexed as follows:

Improvements:

Fire Control and Administration.

- Roads, Forest Development (and Truck Trails)
- Roads, Forest Highways
- Trails
- Telephone Lines
- Fire Breaks
- Lookout Houses
- Lookout Towers and Observatories
- Airplane Landing Fields
- Dwellings, Headquarters
- Dwellings, Temporary Stations, etc.
- Barns, Headquarters
- Barns, Temporary Station, etc.
- Office, Headquarters
- Offices, Temporary Station, etc.
- Other Improvements, Headquarters
- Other Improvements, Temporary Station, etc.
- Other Improvements, R & T
- Fences, Headquarters
- Fences, Temporary Station, etc.
- Water, Headquarters
- Water, Temporary Station, etc.

Public Service

- Camp Buildings
- Water
- Improved Camp Grounds

Range

- Fences
- Corrals
- Improved Stock Driveways
- Stock Bridges
- Water Development
- Other (such as Larkspur Eradication, Rodent Control, Range Reseeding, etc.)

Other Investments

- Other Improvements, Non-Structural
- Acquisition, Exchange and Gift
- Acquisition, Purchase, National Forests
- Acquisition, State Forests
- Reforestation, Field Planting and Seeding
- Reforestation, Other
- Nurseries

Other Investments (Continued)

Timber Surveys and Plans
Grazing Surveys and Plans
Fish and Game Surveys and Plans
Recreation Surveys and Plans
General Surveys and Maps
Other Investments Miscellaneous
Timber Stand Improvement

Equipment and Stores

Equipment
Stores
Deferred Charges

The upper part of Form 21-j, Investment and Depreciation Record, is for statistical purposes and the lower part for maintaining a record of the investment as to original cost, annual depreciation, and present value. The "Explanation" column may be used to record supplemental data as desired. In the upper right-hand corner of the form a space is provided for showing the Resource classification. Investments are to be classed according to the National Forest resources to which they pertain, showing by percentage or amount the allocation to the Resources. For example, the resource class for a Lookout Tower would be "Protection"; for a Drift Fence "Range (C. & H.)" and for a Ranger Dwelling, "General." In other cases the investment may affect several resource classes, as in the case of a road, which may be classed Protection 50%, Recreation 25% and General 25%, or Protection \$5,000, Recreation \$2,500 and General \$2,500. (See resource classes given below).

Similarly, investments which benefit exclusively the accounts grouped under the heading "Cooperation and Miscellaneous" are to be classified as "Cooperation and Miscellaneous." Those investments which benefit a number of National Forest resources or several classes of accounts, which render it impracticable to classify as pertaining to specific resources, will be classified as "General." This classification will serve to indicate the accounts to which depreciation is chargeable.

The complete list of the resource classes of investments are as follows:

Timber	Land
Grazing	Protection
Fish and Game	Cooperation and
Recreation	Miscellaneous
Water	General

The activities ordinarily considered as belonging to each Resource class are given below. An investment may pertain to all or part of the activities under a resource class or may pertain to two or more resource classes:

Timber	- Activities 2, 3, and 4.
Grazing	- Activities 5, 6, and 7.
Fish & Game	- Activities 8 and 9.
Recreation	- Activity 12.
Water	- Activity 13.

Land	- Activities 10, 11, and 14.
Protection	- Activities 38, 39, 40 and 41.
Cooperation and Miscellaneous	- Activities 42 to 47 inclusive and Activity 51.1.
General	- Activities 2 to 14, 17, 24 to 26.2, 38 to 39, 41 to 47, and 51.1.

The classification of an investment will ordinarily remain the same throughout its life period, but if there is actually a change in the character of use, the classification should be changed accordingly. For instance, a building constructed for general administrative use might be taken over for exclusive use in Fire Control work which would change the classification from "General" to "Protection-Fire". Similarly, the resource class of a road should be changed when sufficient change in use occurs to justify.

The procedure to be followed in initiating and maintaining the various investment records is as follows:

The record is to be posted on a fiscal year basis.

Investments acquired without cost, which are used and maintained by the Service, should be given an appraised value and taken up in the column "Cooperation and Acquired" column and extended to the "Total to Date" and "Present Value" columns. Government funds expended for investments for which deposited and undeposited cooperation are involved, will be shown in column 3(c) on Form 21-j, only the cooperation being shown in column 3(b), and the total of these columns will be extended to column 3-d and the present value column. Value of Civilian Conservation Corps enrollees' labor (and similar items) will be treated as "Cooperation" and posted to column 3(b). Cooperative Range Improvements, constructed under provisions of Regulation G-15 and G-16, will also be taken up on Form 21-j. The unliquidated balances, if any, will be recorded in Column 3(b), the equity acquired by the Government through amortization in Column 3(c), and the total cost in Column 3(d). Thereafter, as amortization proceeds, the unliquidated balances in Column 3(b) will be reduced and the Government equity in Column 3(c) increased by the amount amortized, the "Cost to Date" remaining unchanged. Depreciation on such improvements will be applied as for regularly constructed improvements.

In connection with Forest, Community and other Resettlement project investments, the investment records will show (1) Whether investment is located on National Forest or Resettlement Administration lands or, if divided, the division will be shown in terms of miles, acres, etc., (2) Amount of appraised labor, and (3) Other share of total cost paid from Resettlement Administration Appropriations.

In connection with Acquisition, State Forests, the investment records will be maintained by States and in addition to the usual data there should be shown in the "remarks" column for each fiscal year the amount involved in current year charges which was paid from specific appropriations under the Fulmer Act. The blank column to the right of column 3(d) should be designated "memorandum, non-reimbursable" and record should be maintained therein, by fiscal years, of the amount of non-reimbursable costs included in column 3(d). Current year adjustments on account of amortization by the States will be treated as minus entries in both columns 3(a) and 4. In addition the amounts deposited by the States should be recorded by fiscal years as a memorandum record on the reverse of the Form 21-j. The non-reimbursable items are

considered as a part of the cost to the Service and should be retained in the record pending final disposal of the lands involved. When the agreements with the States are fulfilled and title transferred to the States, the remaining amounts on Forms 21-j, representing the non-reimbursable items, will be transferred to Activity Account No. 44. If the title to the land is to remain with the United States, the entire amount will be combined with the regular acquisition of land investment. It is contemplated that, at some future date, the reimbursable amounts will be reduced by the estimated cost in connection with areas not acquired. This will be accomplished on the basis of written agreements with the states and no action in this connection is necessary at this time.

Contributed time, contributed expense, overhead and equipment and other depreciation charges should be included in the Investment Records even though this may cause the total cost of certain projects to exceed any existing statutory limitations. Any waivers for amounts covering these items which are not chargeable against the limitation should be shown cumulatively in the Statistical Section of the record, using the first line above the block provided for "Miles," etc., or in the blank column to right of column 3(d).

In all cases of transfer of investments between Units, except stores and certain equipment, a copy of the Form 21-j records will be supplied the receiving Unit promptly at the time of the transfer. All transfers must be covered in the Cost and Investment Statements of both Units, the transferring Unit reporting a decrease and the receiving Unit an increase in Investments. Such transactions will be supported by Journal Vouchers, the "cost" values on Form 21-j of the transferring unit being cleared by credit entry in columns 3(a), and the "present" or undepreciated values by entry in column 4. The column 4 entries will agree with the "Net" adjustments taken into the Cost Statement, Form 43-c. Transfers will also be reflected in the Investment Statement, Form 43-d, by showing the "cost" value as a reduction in column 3 and the "present" value in column 7.

After copies of the records of investments transferred have been transmitted to the receiving Unit and the transfers reflected in the annual statements, the closed project sheet will be removed from the "live" investment section and placed in a "closed" section or separate binder provided for closed cases.

All investments dropped from the records because of loss, destruction or abandonment must be covered by Forms 858. Sales will be covered by Forms 217, transfers of Equipment by Forms 939, and transfers of Improvements by Forms 21-h, and these forms as well as Forms 858 may be treated as Journal Vouchers in lieu of regular Journal Vouchers, Form 21-h. Forms 939 covering transfers of large equipment depreciated on basis of use will show, in addition to undepreciated value, the original cost and cumulative use to date (in terms of miles, hours, etc.). For other large equipment copy of Form 21-j will be furnished the receiving unit. Value of "small" equipment transferred will be determined from Forms 331, Property and Stores Record, using the average cost for similar items.

In event surplus "small" semi or non-expendable equipment is transferred to the Supply Depot, the Supply Officer will indicate upon the "receipt" copy (Form 939) the unit price at which the transferred equipment is taken up on the Supply Depot records. The transferring Unit will hold the "tickler"

copy of the Form 939 in abeyance until the receipt copy showing the unit prices inserted by the Supply Officer is received. Any difference between the cost value shown by the transferring Unit's records and the appraised cost value assigned by the Supply Officer will be taken up as depreciation. (This procedure will not be applied where articles are merely turned in on purchase of new equipment. In such cases the regular turn-in procedure will apply).

At the time of condemnation, sale, loss or abandonment of investments the following procedure will govern in closing the investment record and handling any remaining value:

- (1) For all improvements where class summary sheets are used and depreciation recorded annually only on such sheets: Complete the individual project investment record by showing credit entry in column 4 for sale or salvage value, depreciation charged to date by one entry in column 5 and by posting amounts in columns 3(a) and 4 sufficient to reduce columns 3(d) and 6 to zero. The remaining value at the time, which will be the amount posted to column 4, plus or minus, will be recorded on the Form 858, 217 or 21-h for later posting to class summary sheets. At the close of the year these amounts shown on Forms 858, 217 or 21-h, will be totaled by investment classes and the summary sheets (cost and present values) changed accordingly. The total of remaining values of all improvements so disposed of (plus or minus) will be treated as a transfer to the deferred account "Undistributed Depreciation - Improvements," where they will be reflected in both column 3(a) and 4.

(Where improvements are transferred the plus or minus remaining value will be transferred to the receiving unit and treated as a transfer affecting the "Investment" account by both units. Such transactions will not affect the "Deferred" account.)

- (2) For all large equipment for which standard depreciation rates, on basis of use, are authorized and for which individual investment records are not maintained: Determine remaining value by applying standard rate to total use to date and deducting from original cost, as shown by Forms 331, "Property and Stores Record" or average cost of such equipment. The average cost would be that used in establishing the depreciation rate. Otherwise, procedure as outlined under "Improvements" will apply except that there will be no individual Forms 21-3 to complete and the remaining values will be transferred to the deferred account, "Undistributed Depreciation - Equipment."
- (3) For all small equipment, (that costing less than \$250.00 each), for which only a summary investment record is maintained, the original cost, less sale or salvage value, will be treated as depreciation and included as such in

the current year Activity Costs. The cost values will be determined by using the average cost of similar articles as shown by the Forms 331, "Property and Stores Record."

- (4) For all other investments, such as Surveys and Plans, Miscellaneous Investments, large equipment and Stores other than that mentioned previously: The remaining value as shown by the individual Form 21-j, less sale or salvage value, will be treated as depreciation and included as such in the current year Activity Costs. In cases of abandonment or loss where the remaining value would materially affect costs, it may be treated as a deferred charge to future years (not a charge to Undistributed Depreciation Deferred). Sale or issue of Stores treated as transfers of expenditures, transfer of disbursements or repayment to appropriation, will be recorded in connection with Activity Expenditures; and the above procedure will apply to Stores only in connection with losses, or sales when treated as "Sale of Government property" and where the amount involved is deposited as "Receipts."

Life Terms.

For the purpose of determining depreciation rates to be used in accomplishing an orderly and uniform retirement of capital investments into operating costs, periods representing the average life of the various classes of investments have been designated.

For improvements standard life terms have been adopted and will be used uniformly by all Units except (1) In cases of construction of buildings, etc., to an exceptionally high standard, (such as Forest Products Laboratory), and (2) In cases where a Region or group of Regions desire to depreciate certain classes of investments over a period differing from the standard, in which cases appropriate recommendations should be made to the Chief, Forest Service.

For surveys and plans, equipment and miscellaneous investments, standard life terms have been designated where applicable, but in the case of some surveys and plans such as Timber Sale surveys, certain equipment and some miscellaneous investments, other methods of depreciating have been adopted. Information regarding standard life terms or other means of depreciating each class of investments is given below.

STANDARD LIFE TERMS FOR INVESTMENTS

Improvements, Fire Control and Administrative:

Roads, Forest Development (Truck Trails)	50 years
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Road Bridges, \$1,000 or more:

Untreated Wood Structures	20 years
Treated Wood Structures	30 years
Steel and Concrete Structures	50 years

Roads, Forest Highways	No Depreciation
Trails and Portages (except Ski Trails)	50 years
Trail Bridges, \$500 or more:	
Untreated Wood	20 years
Treated Wood	30 years
Steel and Concrete Structures	50 years
Transportation Plans	Life of plan when specific, otherwise 10 years.
Telephone Lines	20 years
Fire Breaks	50 years
Lookout Houses	20 years
Lookout Towers and Observatories	
Steel	40 years
Wood	20 years
Airplane Landing Fields	50 years
Dwellings, Barns and Offices - Headquarters	30 years
Other Improvements and Water - Headquarters	20 years
Other Improvements, R & T	20 years
Fences - Headquarters	15 years
Dwellings, Barns, Offices and Other Improvements - Temporary Stations, etc.	20 years
Fences and Water - Temporary Stations, etc.	15 years
Fences, Game, Refuge Boundary (1 or 2 wire)	10 years
Scalers' Cabins	10 years
Floats and Docks	5 years
Water Conservation and Impoundments (except Dams costing in excess of \$1,000)	10 years
Dams, \$1,000 to \$2,500	25 years
Dams, in excess of \$2,500	50 years
Improvements, Public Service:	
Shelter and Recreational Buildings	20 years
Toilets	15 years
Water	15 years

Dams, \$500 to \$2,500	25 years
Dams, in excess of \$2,500	50 years
Improved Camp Grounds	15 years
Improvements, Range:	
Fences (Including Cattle Guards when constructed as part of Fence Project), Corrals and Water Development, (except Water Storage Tanks or Reservoirs)	15 years
Water Storage Tanks or Reservoirs	20 years
Stock Driveways	50 years
Stock Bridges:	
Untreated Wood	20 years
Treated Wood	30 years
Steel and Concrete Structures	50 years
Cattle Guards (Where not part of a Fence Project)	15 years
Poisonous Plant Eradication	10 years
Range Reseeding (Revegetation)	No depreciation
Insect Control (Range)	10 years
Rodent Control (Range)	5 years
Other Investments:	
Other Improvements, non-structural:	
Visibility Clearings	40 years
Stream Improvement, Fish; Erosion Control; Flood Control, (except Dams over \$500)	10 years
Dams \$500 to \$2500, Erosion Control, Flood Control, Stream Improvement, etc.	25 years
Dams in excess of \$2500, Erosion Control, Flood Control, Stream Improvement, etc.	50 years
Insect Control and Disease Control, Timber (Use shorter life term in localities where justified)	20 years
Rodent Control, Timber (Use shorter life term in localities where justified)	20 years
Fire Hazard Reduction	20 years
Acquisition of Lands, All Classes	No depreciation
Reforestation	No depreciation
Nurseries (Planting Stock)	No depreciation

Timber Surveys and Plans	Life of sale, plan or annual cut
Grazing Surveys and Plans	Life of plan when specific, otherwise 20 years
Fish and Game Surveys and Plans	Life of plan when specific, otherwise 5 years
Recreation Surveys and Plans	Life of plan when specific, otherwise 10 years
Advance Surveys of Summer Home Sites Folders and Maps	As permits issue Period Stock will be avail- able for distri- bution
General Surveys and Maps: Fire Plan Development, Boundary and Other General Surveys and Plans	Life of plan when specific, otherwise 10 years
Communication Studies (except Radio)	10 years
Radio Studies	5 years
Experimental Projects (Administrative not Research), except Range, Timber, Reforestation, etc., for which specific provision is made elsewhere.	Life of experi- ment when speci- fic, otherwise 15 years
Detection Surveys or Visibility Mapping	25 years
Maps, Model, Relief	25 years
Base Map Prints	Period Stock will be avail- able for dis- tribution
Accumulated Base Map Data, Status and Corner Records.	No depreciation
Other Investments, Miscellaneous	Submit recom- mendations for determining as need arises
Timber Stand Improvements	20 to 40 years depending on type and age of stand

Equipment and Stores:

Equipment Small	Depreciate only at time of condemnation, sale, loss or abandonment
Equipment Large, Depreciated on an <u>annual</u> basis	10 years (shorter life term may be used where conditions justify)
Equipment Large, All Other	Standard rates per mile, hour or day applied on basis of use
Stores	No regular depreciation. Adjust, through depreciation, for actual loss only
Deferred Charges	No depreciation. All reductions treated as adjustments.

The following exceptions are permissible:

- (1) Life terms for (a) dams costing from \$500 to \$2500 each and (b) dams costing over \$2500 each, for Erosion Control, Flood Control, Stream Improvement, Recreational Use Development, etc., may be reduced in individual cases where conditions justify. In no case will the life term assigned exceed the standard life term.
- (2) Items of equipment costing less than \$250: Each may be treated as large equipment of the appropriate class for depreciation purposes at the discretion of the Regional Forester, Forest Supervisor or comparable Officer for Units other than Forests.

Special Maximum Life Terms. (Region 1 only)

In connection with the exception to Standard Life Terms that, "in cases where a Region or group of Regions desire to depreciate certain classes of investments over a period differing from the standard, appropriate recommendation should be made to the Chief, Forest Service," the following special Life Terms have been approved on the recommendation of Region 1, for use by Region 1 West Side Units, in lieu of the standard Life Terms for the investments named. For investments not covered by these special Life Terms the Standard Life Terms should be used.

Special Maximum Life Term

Bridges, treated wood (road)	20 years
Bridges, untreated wood (road)	10 years

Special Maximum Life Term

Bridges, untreated wood (trail)	10 years
Telephone lines	15 years
Dwellings, headquarters	20 years
Dwellings, temporary station, etc.	15 years
Barns, headquarters	20 years
Barns, temporary station, etc.	15 years
Offices, headquarters	20 years
Offices, temporary station, etc.	15 years
Fences, headquarters	10 years
Fences, temporary station, etc.	10 years
Other structures, headquarters	15 years
Other structures, temporary station, etc.	15 years
Scalers' cabins	5 years
Camp Ground Buildings (Shelter & Recreational)	15 years
Camp Ground Buildings (Toilets)	10 years
Fences, range	10 years
Bridges, untreated, wood, stock driveway	10 years

The fact that depreciation appears to be a problematical factor in costs in some cases should not militate against its careful calculation. It is usually such an important factor in obtaining even a fair indication of true costs and true values of investments that a careful estimate and consideration of it cannot be dispensed with in efforts to attain sound financial management.

As opportunity offers during the year, and not later than the close of each fiscal year, investments should be gone over carefully and current depreciation entered in the "Depreciation" column for all investments to be depreciated. This will be done before Forms 21-j are set up for new projects or additions to old projects are brought into the cumulative investment record at the close of the fiscal year. If, however, there are any cases of additions to old projects to which it is essential that depreciation should be applied that year as well as the old values, or any cases where benefits have been received from new projects for practically the entire year, the amount of depreciation for such projects should not be computed until the costs of construction are brought into the cumulative record. In case of additional construction costs to a project, such additions must be included in the "Present Value" reported at the close of the fiscal year.

When all adjustments in Activity Expenditures have been made at the close of the fiscal year as hereinafter outlined so that investment expenditures on Forms 19-h and Forms 21-i show total costs for the year, a Form 21-j should be set up in the cumulative investment record for the new investments and the fiscal year costs entered thereon. Additional investment costs affecting old projects should also be entered on their respective sheets in the cumulative record.

INVESTMENT CLASSES

The following definitions show classifications of investments by "Investment Classes" for record and report purposes:

Improvements, Fire Control and Administrative:

Roads.

Roads should be segregated into classes in accordance with the definitions of the Investment Accounts (No. 20 and 21) for the two classes of roads. Include road bridges. (Reportable by miles).

Trails.

Trails will include all classes except stock driveways, stock bridges and ski trails. (Included in Cost Records under No. 20). Include trail bridges. (Reportable by miles).

Telephone Lines.

Includes Forest Service lines strung on poles belonging to private companies or to individuals as well as those strung on Service poles. (Reportable by miles). In determining mileage of telephone lines for statistical purposes, show the number of miles of line, not the mileage of wires. (Included in Cost Records under No. 23.1).

Firebreaks.

Includes all permanent firebreaks except truck trail firebreaks. (Reportable by miles). (Included in Cost Records under No. 23.3).

Lookout Houses.

Includes houses from the interior of which actual fire lookout duty is performed, and in which the lookout lives. (Reportable by number). (Included in Cost Records under No. 23.1).

Lookout Towers and Observatories.

Includes all towers, as well as all shelters, from which lookout duty is performed which are not used as living quarters. (Reportable by number). (Included in Cost Records under No. 23.1).

Airplane Landing Fields.

Includes all Landing Field improvement work of a non-structural character. (Reportable by number). (Included in Cost Records under No. 23.3).

Headquarters Improvements. (General Definition)

Improvements classed as headquarters improvements should follow the Activity Account No. 22 definitions for this class of improvements; that is, include the cumulative record of construction costs for permanent improvements at both summer and winter headquarters stations of yearlong employees, when such improvements are for the use of the yearlong employee in connection with the general conduct of his work.

Improvements at Temporary Stations, etc. (General Definition)

Improvements classed as "Temporary Station, etc." should follow the Activity Account No. 23.1 definitions for this class of improvements; that is, include the cumulative record of construction costs for all National Forest improvements, except Public Service and Range, which are primarily of structural nature and not included under the activity account definitions for No. 22, 23.2 or 23.3.

Dwellings.

Includes all houses and cabins except portable cabins, regardless of size, constructed for dwelling purposes, including living quarters for look-outs, if not more properly classified as a Lookout House. (Reportable by number). (Included in Cost Records under No. 22 or 23.1 as appropriate).

Barns.

Includes all barns and stables, regardless of size or cost. (Reportable by number). (Included in Cost Records under No. 22 or 23.1 as appropriate).

Offices.

Includes buildings used exclusively or primarily for office purposes. (Reportable by number). (Included in Cost Records under No. 22 or 23.1 as appropriate).

Other Improvements.

Includes all improvements and structures not specifically enumerated under the other classes, such as storerooms, toilets, root cellars, wood-sheds, wharves, floats, sidewalks, garages, ground development and landscaping, pastures, etc., at stations; cableways, steel (steel cables supported by wooden towers for crossing streams, etc.); tanks, water storage, for fire suppression (galvanized or wooden tanks, towers, or reservoir type); nursery ponds (fish rearing ponds), water conservation and impoundments, etc., whether at stations or not, where not more properly classed as Public Service or Range Improvements. (Reportable by number). (Included in Cost Records under No. 22 or 23.1 as appropriate). Portable tool caches and portable cabins should be considered an equipment investment.

Fences.

Includes yard, garden, horse-pasture, game refuge boundary, administrative site and other fences (including cattle guards forming a part thereof), and corrals not more properly classed as Public Service or Range Improvements. (Reportable by miles). (Included in Cost Records under No. 22 or 23.1 as appropriate).

Water.

Includes all improvements pertaining to the domestic water supply, such as wells, windmills, pumps, tanks, cisterns, conduits, dams, development of springs, sewer systems, etc., not more properly classed as Public Service, or

Range, (or non-structural improvements under No. 23.3). (Reportable by number). (Included in Cost Records under No. 22 or 23.1 as appropriate).

Other Improvements, R & T.

Includes all improvements constructed primarily for the benefit of Roads and Trails whether at headquarters or temporary stations or not. (Reportable by number). (Included in Cost Records under No. 23.2).

Public Service Improvements.

Camp Buildings.

Includes all buildings constructed on camp grounds for the comfort and convenience of the public, such as shelters, rest rooms, latrines, toilets, recreational centers, etc. (Reportable by number). (Included in Cost Records under No. 23.1).

Water.

Includes walling up of springs, piping of water, installation of tanks, digging of wells, dams, or other water development projects primarily for recreational purposes. (Reportable by number). (Included in Cost Records under No. 23.1).

Improved Camp Grounds.

Includes all camp grounds that have been improved by clearing, fencing, construction of fireplaces, tables, toilets, water development, etc. Camp Buildings and Water should be included under the appropriate classes, but the costs of such items as clearing and fencing camp grounds; costs for garbage pits, incinerators, fireplaces, tables, recreational signs, visitors' registers, etc., should be included here. Ski trails, shelters constructed along ski trails, pasture fences constructed to provide pastures for tourists' horses, and other Public Service improvements constructed at other locations than camp grounds should be included here but data regarding amounts included in each column should be shown by classes, by footnote on each Form 43-d, Investment Statement submitted. (Report only Number of Improved Camp Grounds). (Included in Cost Records under No. 23.1)

Range Improvements.

Fences.

Includes division, drift, boundary or other fences (including cattle guards forming a part thereof) for control of range stock. (Reportable by miles.) (Included in Cost Records under No. 23.1).

Corrals.

Includes corrals of every description (other than those used exclusively for stock owned by Forest Officers or by the Government). Also includes dipping vats and counting chutes. (Reportable by number). (Included in Cost Records under No. 23.1).

Stock Driveways.

Includes all driveways which have been improved by clearing, grading, construction of bridges, etc. (Reportable by miles). (Included in Cost Record under No. 20).

Stock Bridges.

Includes all types of bridges and stock crossings costing \$500.00 or more constructed on or for stock driveways. The cost of bridges costing less than \$500.00 will be included in the cost of the driveways on which located. Bridges not a part of driveways will be recorded as individual projects. (Reportable by number). (Included in Cost Records under No. 20).

Water Development.

Includes all improvements for the watering of livestock on the ranges. (Reportable by number). (Included in Cost Records under No. 23.1).

Other.

Includes all other range improvements such as Range Reseeding (Re-vegetation), Poisonous Plant Eradication, Rodent Control (Range), Insect Control (Range), Salt Troughs, etc., not more properly included under the other range improvement classifications. (Included in Cost Records under No. 23.3).

Other Investments.

Other Improvements, Non-structural.

Includes all investments primarily of a non-structural nature; (except non-structural Headquarters, Temporary Station, Roads and Trail, Range, Public Service, Timber Stand Improvement, Airplane Landing Fields or other such investments for which separate classification is provided), such as Erosion Control; Tree Disease and Insect Control; Rodent Control (Timber); Stream Improvement (Fish); Flood Control; Roadside Clean-up, Clearing and Beautification or Landscaping work; etc. (Included in Cost Records under No. 23.3).

Acquisition, Exchange and Gift.

Includes investment in lands acquired by Exchange, Gift, or proclamation for National Forest purposes and investment in Lands Use Planning when in connection with this class. The acreage actually acquired during the period should be entered in the statistical section of Form 21-j and the acreage disposed of by exchange disregarded. Ordinarily, the investment in lands acquired by exchange or gift may be maintained on one Form 21-j, which will result in a record of the additions to investments in Forest lands, but not necessarily their investment value since in making exchanges no values are included for the land acquired except the cost of making the exchange. (Reportable by acres). (Included in Cost Records under No. 24).

Acquisition, Purchase, National Forests.

Includes investment in lands acquired by Purchase for National Forest

purposes and Investment in Lands Use Planning when in connection with this class. Any values specifically allowed for improvements acquired in purchase cases should be eliminated from the acquisition investment and included in the proper improvement investment.

Ordinarily, values of timber and land need not be segregated. However, where the value and potential sale of mature timber acquired was a factor influencing the price per acre paid, the mature timber value should be segregated and the investment in purchased land decreased when the timber is sold, by the net difference between the sale price and the cost of selling and administering the sale. Adjustments of this nature will be made by journal vouchers, the net consideration being recorded as a credit entry in columns 3(a) and 4 of the Form 21-j and reflected in the adjustments on Form 43-c as well as in columns 3 and 7 of the Investment Statement, Form 43-d, in the same manner as the sale of any other Government property.

The acreage acquired through actual passage of title will be shown in the statistical section of Form 21-j. (Reportable by Acres). (Included in Cost Records under No. 25.1).

Acquisition, State Forests.

Includes investment in lands acquired under the provisions of the Fulmer Act which has not been amortized by the States. The acreage acquired through actual passage of title will be shown in the statistical section of Form 21-j. (Reportable by Acres). (Included in Cost Records under No. 25.2).

Reforestation, Field Planting and Seeding.

Includes the investment in Reforestation as defined under Activity Account No. 26.1. Cumulative investment records, Form 21-j, will be maintained for field planting and seeding. Where planting extends over a number of years, each year's costs and acreage planted will be brought into the cumulative project record. (Reportable by Acres). (Included in Cost Records under No. 26.1).

Reforestation, Other.

Includes investment in Reforestation, except as specified under "Reforestation, Field Planting and Seeding." Cumulative investment records, Form 21-j, will be carried for Experimental Planting and other costs as defined under Activity Account No. 26.2--Reforestation, Other. Experimental Planting costs should be carried separately from other costs but separate project costs are not necessary unless such records are required locally. (Reportable by Acres). (Included in Cost Records under No. 26.2).

Nurseries.

Includes investment in nursery planting stock. Other nursery investments will be represented on Form 21-j kept for Improvements, including original ground development, Equipment, Stores on hand, Deferred charges, etc. (Included in Cost Records under No. 27).

Timber Surveys and Plans.

Includes investment in appraisals, timber surveys and plans, and Lands Use Planning when in connection with this class.

Timber cut and removed must stand its share of the costs of all timber surveys and plans according to the most equitable basis that may be devised for the particular circumstances involved, even though the survey may not prove to be usable. It will usually be desirable to write off timber surveys and plans over the period of sales from the area or according to the rate of cutting. Costs of management plans will usually be written off over the period of years it is believed the plan will be of major use. The mere fact that a management plan may be said to render benefit for practically an indefinite number of years should not usually result in the costs of such plans being prorated over an extended period of time. (Included in Cost Records under No. 28).

Grazing Surveys and Plans.

Includes investment in grazing surveys and plans and Lands Use Planning when in connection with this class. Costs of grazing surveys and plans will be uniformly charged into current grazing costs over such life terms as appear equitable in each case. The distribution will not extend over a period of more than twenty years and a much shorter period is more applicable to some of the investments carried under this class. (Included in Cost Records under No. 29).

Fish and Game Surveys and Plans.

Includes investment in fish and game surveys and plans, and Lands Use Planning when in connection with this class. (Included in Cost Records under No. 30).

Recreation Surveys and Plans.

Includes investment in recreation surveys and plans; advance surveys of summer home sites; Lands Use Planning when in connection with this class; and recreational folders and maps. (Included in Cost Records under No. 31).

General Surveys and Maps.

Includes investment in base map data; status record; corner record; fire plan development; maps, model relief; experimental projects (Administrative not Research) except Range, Timber, Reforestation, etc.; detection surveys or visibility mapping; communications studies; Radio studies; Lands Use Planning of a general nature; general surveys and plans; and base map prints. (Included in Cost Records under No. 32.1).

Other Investments, Miscellaneous.

Includes all miscellaneous investments not included in any specific class. (Included in Cost Records under No. 32.2).

The amount reported in Column 4 for this class on all Forms 43-d representing investment in connection with Forest Community Sites and similar

projects for purchase of lands, development and construction will be shown by foot note.

Timber Stand Improvement.

Includes investment in timber stand improvement on the National Forest. (Included in Cost Records under No. 33).

Equipment and Stores.

Equipment.

Includes investment in all classes of equipment. Forms 21-j will be maintained for: (1) Individual pieces of large equipment where depreciation is taken on an annual basis, (2) Total investment in all other large equipment and (3) Total investment in small equipment. Investment record will be maintained without regard to type of equipment such as Road and Trail, Fire and General. (Included in Cost Records under No. 34, 35, and 36).

Since a large part of the depreciation on equipment will be distributed to investment accounts as a cost, it is desirable that the cost value of all equipment be currently reduced by the amount of the depreciation in order to avoid reflecting in the equipment investments cost values which have, through depreciation, been transferred to costs in other investment classes. It is realized that all the depreciation on equipment will not be charged to Investment Accounts, but it seems more desirable to reduce the cost value of equipment than to duplicate investment costs.

Depreciation on equipment will therefore be treated as a reduction of cost values as well as present values. This will be accomplished by a credit entry in column 3(a) of the Form 21-j and reflected in the "Adjustment" column 3(b) of the Investment Statement.

Stores.

Includes investment in Central Purchases and Warehouses, undistributed equipment operating and repair expense (plus or minus), etc. Separate 21-j's will be maintained for each class of stores and in the case of warehousing units, separate record will be maintained for each warehouse unit. Investment record will be maintained without regard to type of Stores, such as Road and Trail, and General. (Included in Cost Records under Nos. 37.1 and 37.2).

Deferred Charges.

Includes record of all deferred charges which for accounting purposes are treated as temporary investments. Separate Forms 21-j will be maintained for each deferred account, such as each Central Purchase deferred account; each Road and Trail account as necessary to effect balance with Road and Trail Report by activities; Timber marking in advance of cut; Total Undistributed Depreciation - Improvements and Total Undistributed Depreciation - Equipment - (Included in Cost Records under individual deferred accounts).

CONVERSION OF ACTIVITY EXPENDITURES TO ACTIVITY COSTS

The various steps necessary to convert the Activity Expenditures to

Activity Costs at the close of the fiscal year are as follows:

(1) Adjustment for charges to be deferred to future periods, and accrued charges resulting from charges deferred in previous periods which are to be brought into current costs.

(2) Adjustments for other accrued charges, if any.

(3) Other adjustments covering such items as corrections to include changes over amounts or distribution of Activity Expenditures, Inter-unit transfers of costs, timber exchanged for land, transfers of improvements or equipment, acquired values, reclassifications or sales of investments, etc.

(4) Distribution of depreciation on equipment, improvements and other investments to expense and other accounts properly chargeable.

(5) Distribution of improvements maintenance costs.

With the exception of items (4) and (5), Journal vouchers should be prepared covering the transactions and retained as permanent records of the adjustments made in arriving at Activity Costs.

Distribution of depreciation and distribution of maintenance may be accomplished on columnar sheets which will be given a journal voucher number and retained as supporting data, the same as other journal vouchers. Form 939 covering transfers, and Forms 217, 858, etc., may also be considered journal vouchers and numbered, or they may be supplemented by Forms 21-h.

All the adjustments and the distribution of Depreciation and Maintenance will be posted to activity and deferred accounts on the Form 21-i record. When projects or classes are involved for which Forms 19-h are maintained the items will also be posted to the Forms 19-h.

All adjustments (and Journal Vouchers) will show charges and credits by individual activities and separate adjustments and Journal Vouchers will be made for each "type" of adjustment.

In the case of all Inter-regional transfers of costs or investments sufficient copies of the Journal Voucher will be forwarded through the Regional Fiscal Agent of the transferring Region to provide copy for his files and copies for the receiving Region and Unit.

No inter-unit transfers of costs should be made after August 31. Units should not finally close their records until September 15 in order to allow for receipt of transfers made on the final date.

Journal Voucher Register.

At the discretion of the Regional Forester, Form 21-m, Journal Voucher Register, may be maintained. In Regions where this record is used (1) all Journal Vouchers affecting Form 21-l, Reconciliation Statement, and (2) all adjustments affecting Form 43-d, Investment Statement, which are not included in the Form 21-l adjustment, should be recorded currently as prepared or received. Data should be recorded in the Journal Voucher Register as follows: (1) Journal Voucher number, (2) Name of other Unit concerned, (3) Description

of transaction, (4) Activity number to be charged or credited, and (5) Amount, debit or credit. In addition, where transactions affect only the Form 43-d, or where cost values are affected, entries will be made to show the investment class and the amount of charge or credit to column 3 or 7 as appropriate.

Application of Deferred Charges.

Charges to be deferred will be eliminated from current expense accounts, as previously outlined, at the close of the fiscal year. The amount of accrued charges resulting from previously deferred charges to be brought into the current costs from the record, as maintained on Forms 21-j, should be determined and allocated to the accounts properly chargeable therewith.

Procedure in connection with the more common deferred accounts is as follows:

- (1) Undistributed Depreciation - At the close of each fiscal year, plus or minus amounts will be transferred to these accounts from the various investment accounts, and the amount so transferred will be the remaining (undepreciated) values of (a) improvements and (b) equipment depreciated by application of standard rates on basis of actual use; at time of condemnation, sale, loss or abandonment, after proper allowance has been made for any sale, salvage or turn-in values. These values are recorded currently on Forms 21-h, or 858 and 217 and should be summarized to determine amounts to be deferred. Separate accounts will be maintained for "Improvements" and "Equipment". These accounts will be cumulative and no charges will accrue to current costs as a result thereof since any adjustment to net deferred charges will be accomplished through changes in depreciation rates.
- (2) Central Purchase - Accounts will be maintained for each Central Purchase. At the close of the accounting period, the amount of Central Purchase operating expense, including amount of Stores losses as shown by Forms 858, will be transferred from the Stores accounts and treated as a charge to this account; the amount of Central Purchase handling charges will be transferred from the Stores accounts and treated as a credit to this account. These accounts will be cumulative and no charges will accrue to current costs as a result thereof, since any adjustments to net deferred charges will be accomplished through changes in handling charge rates. (See instructions for Central Purchase under "Other Adjustments").
- (3) Road and Trail - When Road and Trail activity costs, which are determined subsequent to the preparation of the Road and Trail Annual Report, do not agree by activities with the Road and Trail Annual Report, the differences, plus or minus, will be treated as a net increase or decrease to the total activity costs for the Unit and recorded in deferred accounts set up for each activity as appropriate. When the items constituting the differences have been included in subsequent Road and Trail Annual Reports, the deferred charges will be treated as accrued and included as a net increase or decrease to the total activity

costs for the year, the resulting debits or credits being considered as affecting the deferred accounts, thereby clearing such accounts to zero. These adjustments will affect only (a) The Deferred Accounts and (b) The total Activity Costs.

The foregoing procedure is based on the assumption that the items concerned were omitted from the Road and Trail Annual Reports. If it is found that the difference resulted from erroneous distribution or other discrepancy in the activity costs the deferred account should be cleared in the following year by transfer to the appropriate Road and Trail activity.

- (4) Miscellaneous Deferred Accounts - To adjust account current year expenditures where benefits accrue to future years and account other extraordinary costs where it is not desirable to absorb the cost in the current year: These accounts should be set up as need arises and credit given the appropriate expense or other activity account. They will be cleared by transferring to the proper activity accounts in the period when they are to be absorbed in Activity Costs.

Other Adjustments.

Numerous other adjustments will usually be necessary but the nature of the adjustments will vary with different Units. Procedure in connection with the more common types is as follows:

Corrections of Activity Expenditures - Changes in current year expenditures (plus or minus) over the amounts included in Activity Expenditures, when of material amount, will be treated as net plus or minus changes in total activity costs and in the cost of the appropriate activity accounts as adjustments.

Changes to correct erroneous activity distribution will be treated as adjustments but the total activity costs will not be affected since the debits and credits will be offsetting.

Inter-unit Transfers - Transfers of costs between Units will be supported by Journal Vouchers, Forms 21-h or Forms 939. The transferring Unit will treat such items as net decreases to total activity costs and to the appropriate activity accounts. The receiving Unit will treat as net increases. Transfers of equipment will in all cases be treated as adjustments affecting costs and will not be included in adjustments to Activity Expenditures. Journal vouchers covering inter-regional transfers and journal vouchers covering transfers between different classes of Units, such as Regions (Forest and Regional Offices), Research Units, Nurseries, Plains Shelterbelt Project and Washington Office will be forwarded through the Fiscal Agent's Office, in sufficient number to provide copies for the files of the transferring office, receiving office and receiving Unit. Present or undepreciated value will be used in determining amounts involved for investment transfers. Inter-unit transfers will include value of tree nursery plant stock and browse and herbaceous nursery plant stock transferred.

Timber for Land - The value of timber delivered in exchange for land, as

shown by exchange cases consummated and title actually acquired during the year, will be treated as an increase to total Activity Costs and to Activity Account 24.

Acquired Values - All values acquired without cost to the Service which have not been included in Activity Expenditures as Undeposited Cooperation, etc., will be included as adjustments at appraised values increasing the total Activity Costs and the appropriate activity accounts. (Where Investments are concerned the acquired value will be shown in column 3(b) of Forms 21-j).

Labor values acquired will be evaluated on the basis of effective man days as follows:

	Rate
Civilian Conservation Corps <u>Enrollees</u> labor (\$1.90 in Region 10 only but see instructions under Miscellaneous Adjustments regarding special pro- cedure for Alaska and Puerto Rico)	\$1.50
Transient Relief Laborers (\$1.90 in Region 10 only)	1.50
Federal and State Emergency Relief Administration Labor:	
Office Workers, including Draftsmen, Clerks, etc.	3.00
All Others	1.50
Resettlement Administration Labor:	
(Use only when actual cost is not available)	1.50

Improvements constructed under Regulation G-15 and G-16, the costs of which are later to be wholly or partly amortized, will be taken up as an increase to total Activity Costs and charged to the appropriate investment activity accounts. (As amortization progresses, the unliquidated balances in column 3(b) of Forms 21-j will be reduced and columns 3(c) increased by the amount amortized).

Value of timber stand improvement and similar work done by timber sale operators, in accordance with terms of timber sale agreements, and for which allowance was made when computing stumpage value, will be included as a charge to the appropriate activity investment account.

Reclassification of Investments - When the use of an investment changes to an extent warranting reclassification, the transfer will be treated as an adjustment to the investment activity accounts (and investment classes in investment records) concerned. Present values only will be included in Activity Costs and since the debits and credits will be offsetting there will be no change in total Activity Costs.

Sales of Investments - The total Activity Costs and the appropriate investment activity accounts will be reduced by the amounts received from sales wherever such amounts are deposited as Receipts. Turn-in values realized on equipment, etc., will become a part of the cost of the new articles purchased and will not affect Activity Costs unless different activities are involved.

The amounts deposited into the Treasury by the States under the provisions of the Fulmer Act, representing fifty per cent of gross receipts or other payments, will be treated as a net decrease to total Activity Costs and to Activity Account No. 25.2. Such deposits will be made by the States semi-annually, in January and July, at which time they will deposit amounts due as of December 31 and June 30 respectively. Credit should be taken in the current year reports for amounts due to June 30 even though deposits are not made until July. Do not, however, credit any amounts due as of June 30 which are not yet deposited at time report is prepared.

Salvage Values - Salvage values will become a part of the costs of the project where salvaged materials are used or will be treated as investment in Stores until used. Appropriate adjustment between the activity accounts involved will be made but since the debits and credits will be offsetting there will be no change in total Activity Costs.

Transfers to Outside Agencies - All transfers of investments to outside agencies, such as Government Bureaus, States, Counties, etc., will be treated as minus adjustments to total Activity Costs and to the appropriate activity accounts.

Costs in connection with major improvement work for which other Government Bureaus are responsible, and where the benefit does not accrue to the Service, which are currently recorded in Activity Expenditures and Activity Costs, since they represent expenditures and costs incurred under appropriations made to the Forest Service, will be treated as transfers to such Bureaus and the appropriate activity accounts and total Activity Costs reduced accordingly. Ordinarily there will be very few items of this kind. Examples of this type are: (a) Emergency Conservation Work for the Tennessee Valley Authority and (b) Similar work for the Department of Interior, on or for the Insular Forests of Puerto Rico.

Central Purchase and Supply Depot - These units are operated more as a "Store". It is desirable to have the investment records reflect (1) The Net Worth and (2) a cumulative comparison between operating expenses and handling charges. To accomplish this, certain adjustments are necessary as defined below. This procedure will be used only in connection with Regional Central Purchase Units, where handling charges are made, and the Supply Depot. It should not be used in connection with Forest Warehouses.

Eliminate the net disbursements for such units included in the Activity Expenditures. This will serve as a net increase or decrease to the total Activity Costs and the Stores Account No. 37.1. The entire adjustment will be made in 37.1 since the amount reported under 37.2 will be needed in balancing with the Road and Trail Annual Report.

Debit Account 37.1 and credit deferred account "Central Purchase" with the amount of current year handling charges.

Debit deferred account "Central Purchase" and credit No. 37.1 with the amount of the current year operating expense. Operating expense will include all costs in connection with the operation of the unit, such as salaries, supplies and materials, rents, light, heat, depreciation and maintenance on equipment and improvements used in connection therewith.

Debit deferred account "Central Purchase" and credit No. 37.1 for amount of losses through spoilage, breakage, shortage of inventory, etc., as covered by Forms 858. This adjustment may be included with the one account operating expense.

Stocks acquired without cost will be appraised and the appraised value, less incoming charges, will be treated as an adjustment increasing the total costs and Account 37.1.

The adjustments account Handling Charges and operating expense will ordinarily be made for the Supply Depot only at time of each audit.

Miscellaneous Adjustments - There will ordinarily be some adjustments not enumerated above but they will usually be comparable in type to those enumerated and they should be included in costs as the need arises.

In connection with certain types of Emergency Unemployment Relief Work such as the C. W. A., and with other Emergency Unemployment Relief Work in certain localities, such as Emergency Conservation Work in Alaska (Region 10) and Puerto Rico (Region 8) there may be included in Activity Costs greater amounts than are properly chargeable to the regular Service Activities. As an example, the Forest Service assumes duties, in connection with Emergency Conservation Work in Alaska and Puerto Rico, which duties are assumed by other agencies in the Continental United States. In the case mentioned the duties include (a) Pay of Enrollees, (b) Subsistence of Enrollees, (c) Clothing and medical care for Enrollees and (d) Miscellaneous Expense. The difference between the computed labor value (secured by application of established rates, to effective man days) and the total expenses in connection with the items mentioned will be transferred from the appropriate Service Activities to No. 51.2. The amount transferred should include no expenditures from other than the Emergency appropriation. (When practicable, adjustments of this particular type should be made in connection with Activity Expenditures).

Distribution of Depreciation on Investments.

The depreciation on improvements and other investments will be tabulated according to the resource activity classifications as shown in the upper right hand corner of the Form 21-j record, or on basis of use for large equipment depreciated at standard rates. Under each resource classification the depreciation on investments will be grouped according to particular activities directly affected. For instance, under the Resource Class "Grazing" there may be depreciation on certain range improvements that apply particularly to Grazing, C. & H., Revenue, and the classification should show this fact.

In instances where investments apply to the several accounts pertaining to a resource, the depreciation will be prorated to the accounts affected on the basis of the hours used for distribution of General Overhead expenditures on Form 34, taking only the hours shown for the activities affected.

Depreciation on all investments classified as "General" will be distributed in the same manner as General Overhead, using only the hours shown for activities which are to receive general depreciation, which are No. 2 to 14, 17, 24, to 26.2, 38 to 39, 41 to 51.1. Hours for No. 40 will be used also but

the resulting amount will be treated as an additional charge to No. 39. The amount of general depreciation distributed to Activity Account No. 25.2 will be posted to Forms 19-h in the "Non-reimbursable" columns.

Under this procedure improvements which are later to be depreciated or distributed will receive no depreciation charges from improvements by general proration. However, certain improvement projects, either construction or maintenance, may receive depreciation charges from equipment or improvements when the charges can be allocated directly to them. For example, depreciation on equipment through use, loss or destruction may be distributed directly to Improvement Projects or depreciation on a building used exclusively in connection with road construction may be distributed directly to Road Projects.

After all depreciation, including depreciation charges transferred to or from the Unit, has been completely tabulated and the amount of distribution to the various activity accounts and projects ascertained, the charges should be taken up under the proper accounts on the Cost Summary (Form 21-i) as "Distribution of Depreciation" and posted to Form 19-h where projects or classes are affected for which separate total cost is needed.

The Regional Office will ordinarily have chargebacks of depreciation on equipment and other investments at the close of the fiscal year which it will be necessary to take up as a part of the Forest Activity Costs. For instance, losses of Regional Office fire equipment and depreciation on road and other equipment that may be allocated to activities and projects will be charged back to Forests. Chargebacks of this character and transfers of depreciation between Units will be taken up as an increase (or decrease) to the depreciation charges originating from investments of the Unit and included in the distribution of depreciation entered on the cost summary.

Distribution of Improvement Maintenance Costs.

After equipment and other depreciation charges affecting maintenance of improvements have been distributed to the maintenance accounts, all maintenance costs except "Maintenance Roads, Forest Highways," will be tabulated for distribution.

Expansion Accounts, kept for maintenance of improvements pertaining to particular classes, should be allocated directly. For instance, under the major activity, Maintenance of Other Improvements, accounts should be kept for "Maintenance of Public Service Improvements," "Maintenance of Range Improvements," "Maintenance of Fire Protection Improvements," etc., and such charges should be allocated directly to Recreation, Non-Revenue, Grazing accounts and Fire Protection accounts, respectively. Road, trail and telephone line maintenance may be distributed to resources on the basis of miles as shown by investment records.

All other maintenance costs will be distributed by the same process used for distribution of general depreciation. When the distribution has been tabulated and the amount of distribution to the various activity accounts determined, the charges should be taken up under the proper accounts on the Cost Summary (Form 21-i) as "Distribution of Maintenance," at the same time clearing by credit entry, the maintenance accounts distributed.

Closing the Activity Cost Records.

When all adjustments necessary to convert Expenditures to Costs have been made, the various account columns will be totaled and the totals entered as "Total Activity Costs". At this point it should be ascertained that the total of the project sheets (Form 19-h) for investment or other projects is in absolute balance with the total shown for the corresponding activity account on the Form 21-i. This is essential since these amounts will later be posted direct to the Investment and Depreciation Records, Form 21-j, or to the Cumulative Research Project Cost Sheets in the case of Research Costs.

ANNUAL ACTIVITY COST AND INVESTMENT STATEMENTS FIELD UNITS

Activity Cost Statement.

Prior to the preparation of the Activity Cost Statement, Form 43-c, the "Reconciliation Statement", Form 21-l, will be completed. (See Sample Reconciliation Statement on reverse of Form 21-l). The "Expenditures from Expenditure Statement" will agree with the "Total Expenditures" reported in the Activity Expenditure Statement, Form 43, as approved. In the "Depreciation" section, enter in one amount as "Depreciation this Unit" the total depreciation taken on all classes of investments carried in the Unit's records and this will agree with the total depreciation which will be reported in column 6, Form 43-d, Investment Statement. To this amount there should be added or deducted any depreciation charges transferred to or from the Unit. Under "Adjustments", plus or minus, show all Journal Voucher adjustments of current costs. "Net Activity Costs," as determined by the Reconciliation, should agree with the total Activity Costs shown on the Activity Cost Record, Forms 21-i, and serve as the "control" figure for the entries to be made on the face of the form. All items included in the Reconciliation Statement, Form 21-l, will be sufficiently itemized to show the nature of adjustment, Activity or Deferred Account, Unit affected, and Journal Voucher number.

After the Reconciliation has been accomplished a transcript of the costs will be made on the Form 43-c, showing for each Activity and Deferred Account, except maintenance accounts eliminated by distribution, (Nos. 15 to 16 and 18 to 19.3): (1) Expenditures (These must agree by activities with the amount reported on Form 43 as approved), (2) Maintenance Costs (Distributed), (3) Depreciation costs (Distributed), (4) Adjustments, net and (5) Total Costs, the total of which must balance with the "Net total Activity Costs" shown in the Reconciliation. It should also be noted that the total of the entries in columns 1 and 2 of the Cost Statement, minus the amount of depreciation and adjustments distributed to maintenance activities 15, 16 and 18 to 19.3, equals the Total Expenditures reported on Form 43 and that the total depreciation shown in column 3 plus the amount of depreciation distributed to maintenance activities 15, 16 and 18 to 19.3, equals the total depreciation taken into the Reconciliation Statement, including depreciation charges transferred to or from other Units. Entries in column 4, plus or minus adjustments to maintenance accounts 15, 16 and 18 to 19.3 will equal the net sum of "Adjustments" taken into the Reconciliation.

Total cost of income producing activities (No. 2, 3, 5, 6, 8 and 10), will be determined and included in the space provided on the face of 43-c.

Analysis of maintenance costs will be shown by activities (excluding No. 17) in the space provided on the reverse side of Form 43-c. The total maintenance costs as shown here will equal the amount of distributed maintenance costs, column 2, on face of form.

Activity Cost Statements will be prepared by each field Unit and submitted in duplicate by Forests and in triplicate by other Units to the Regional Forester as called for in the Regional Schedule of Reports. One copy of each statement will be returned to the Unit after the report has been checked and verified. (The Forest Products Laboratory will submit original of the Form 43-c to the Chief, Forest Service, not later than November 15.) The reports on Form 43-c will be accompanied by (1) Original and two copies of Form 21-1, Reconciliation Statement, (2) Statement showing charges by States to Activity Expansion Account No. 44(b), Forestry Extension, Fulmer Act. Statement should show (a) Expenditures, (b) Maintenance, (c) Depreciation, (d) Adjustments, and (e) Total costs, and (3) Original and two copies of Large Equipment Depreciation reports (large equipment disposed of), and the Repair Cost and Use Record on representative pieces of equipment as outlined below, for review. These latter reports will subsequently be forwarded through the Chief, Division of Fiscal Control to the Chief, Division of Engineering for appropriate recording and action.

Each Forest or other Unit will currently record all repair costs for one piece of each type of equipment used. For all passenger-carrying vehicles it will be necessary to currently record both operating and repair costs and complete report should be made on all such vehicles. The report on Form 469 will show repair costs, description of the equipment, and the use in miles or hours as appropriate for the year and total to date. For new types of equipment, for which no rates have been established, record and report should also be made regarding operating costs. Report will also be made on all items of such equipment sold, traded in or condemned during the year except items which were acquired and for which complete data are not available. This report will show (1) Description, (2) Original Cost, (3) Total cumulative use in miles or hours and (4) Remaining value at time of sale, loss, etc. These reports furnish valuable information on dependability and efficiency of the equipment and also serve as a check on established standard rates. Records should be maintained throughout the entire life of the representative pieces selected and if any such equipment is transferred to another Forest Service Unit, the receiving Unit should be advised accordingly so that receiving Unit can continue the record. (Further details regarding these records and reports will be handled by correspondence as need arises.)

State Shelterbelt Units will follow the above procedure, and will forward their reports to Director, Plains Shelterbelt Project. For reporting purposes, all Shelterbelt Commercial nurseries within a State will be considered a Unit.

Investment Statement.

The Investment Statement, Form 43-d, is a summarization of the Investment and Depreciation Records, Form 21-j. It will be prepared by each Forest, Nursery, Research or other field Unit and submitted in triplicate to the Regional Forester on or before the date specified in the Regional Schedule of Reports. The Forest Products Laboratory will submit original of the Form 43-d to the Chief, Forest Service, not later than November 15. The original copy

will be forwarded to the Chief, Forest Service and one carbon copy returned to the Unit after being checked and verified.

The Statement is to include all investments carried on Forms 21-j, which are the property of the Forest Service, or in which it has an equity, as in the case of improvements constructed under the provisions of Regulations G-15 and G-16, and improvements acquired without cost which are used and maintained by the Forest Service.

In addition to making the summary of investments in the columns provided on Form 43-d, there should be shown by footnote the unliquidated costs of Regulation G-15 and G-16 improvements. This information will be taken from columns 3(b) of the Forms 21-j for such improvements.

For statistical purposes, improvements reportable by number will be included as an increase in number previously reported if construction or erection work was actually started during the fiscal year, but costs incurred on a project even though construction was not actually started during the year will be included as an increase in costs of the class, but not as an increase in the number thereof. Where the mile is the unit of construction, the number of miles completed during the year will be included regardless of the state of completion of the project. Mileages and acreages will be reported to two decimal places.

Additions to or betterment of existing improvements, reportable by number, should not be reported as adding to the number of such improvements, but costs thereof should be included. Also, only the cost of additional construction on, or completion of, unfinished projects, reportable by number which were started in a previous year should be included. Improvements reconstructed or replaced should be treated as new projects, the old projects being reported as abandoned, destroyed, etc.

The entries for amounts and number, miles, etc., in column No. 1 of Form 43-d will equal the entries in column 4 of the previous year's statement; and the total of all columns 3(d) of the Forms 21-j as of the beginning of the fiscal year; and statistical data as to miles, number, etc., as of the beginning of the fiscal year.

The total of the entries in column 2 of the Form 43-d will equal the net total of current year entries in columns 3(b) and 3(c) of Forms 21-j, excluding the current year entries in column 3(b) for investments acquired without cost, such as Gifts and Appraised values, which are treated as "cost adjustments" and will be included in the adjustments in column 3 of the 43-d.

The net total of column 3 of Form 43-d should equal the net total of the current year entries in column 3(a) plus the "acquired without cost" entries in column 3(b) of the Forms 21-j. Only the net adjustment will be reported opposite each class on Form 43-d.

The total of the entries in column 4 of Form 43-d will equal the total cost value (column 3(d) Form 21-j) of all investments at the close of the fiscal year, and will also equal the net sum of columns Nos. 1, 2, and 3 of the 43-d.

The total of column 5 will equal the total of column 8 of the preceding

year's statement and the total of "Present Value," column 6, of the Forms 21-j as of the beginning of the current year.

The entries in column 6 of Form 43-d are taken from a summary of the current year depreciation entered in column 5 of Forms 21-j and will be the amount of depreciation taken into the Depreciation section of the Reconciliation Statement, Form 21-1 as "Depreciation, this Unit."

The net total of column 7 will equal the net total of the current year, entries in Column 4 of Forms 21-j plus the "Acquired without cost" entries in Column 3(d), and will also equal the net total of the adjustments to the "Investment and Deferred Accounts Sections" reported in the Cost Statement, plus or minus any adjustments affecting current year expenditures such as (a) adjustments of distribution or (b) changes in amount of Expenditures, over that reported in "Activity Expenditure Statements", which must be reflected in column 2 of Forms 43-d.

The sum of columns 2 and 7 of the Form 43-d will equal the total increase or decrease to Investments and deferred charges as shown in column 5 of the "Investment and Deferred Accounts Sections" of the Cost Statement, Form 43-c. The amounts reported for the several investment classes must agree with the amount reported for the comparable activity on Form 43-d.

The entries in column 8 are taken from a summary of the totals of column 6 of the Forms 21-j and should equal the net sum of columns 5, 2, 6, and 7 of the Form 43-d.

The entries for column 9 are taken from a summary of columns 3(b) of the Forms 21-j, the "Current Fiscal Year" column showing current year changes and the "To date" column the cumulative totals.

For "Improvements" the information for preparation of Form 43-d will be taken from the Forms 21-j "Class Summary Sheets", proof with individual Forms 21-j having previously been secured.

Forms 43-d should be neatly prepared by typewriter, pica type if such machines are available, with good ribbon suitable for photo-lithographing and mailed without folding.

The report will be accompanied by a statement for Acquisition, State Forests, showing by (a) State Forest Units, (b) Sub-totals for States, and (c) Grand total, the data as called for by columns 1 to 4 inclusive on Form 43-d but showing separately for columns 1 and 4 the division between reimbursable and non-reimbursable; also showing separately in the case of column 3 the amount included representing "deposits" by the States. Acreage data as called for in columns 1 to 4 should also be included.

Cumulative records of Research Project Costs, by Projects, (or sub-projects where desired) which are required at each Experiment Station, showing (1) Direct, (2) Indirect, (3) Maintenance, (4) Depreciation, (5) Current Year Total and (6) Cumulative Total Costs are not treated as Investments and will not be included on Forms 43-d.

REGIONAL OFFICE

Regional Activity Cost Statement.

After all adjustments affecting Regional Office costs have been made, and depreciation on equipment and other investments computed and distributed to the Regional Office activity accounts or Division accounts, a Form 43-c will be prepared for the Regional Office. The Form 43-c will be prepared following generally the procedure prescribed for Forests and will include necessary adjustments resulting from Central Purchase Activities.

The report will include expenditure, maintenance, depreciation, adjustment and total charges to each Division Account and these amounts will also be reported as prorated charges to Activity Accounts as outlined under Activity Expenditure Section except that maintenance, depreciation and adjustment charges will not be prorated to Activity Accounts 20 to 37.2 inclusive. Distribution of general items such as depreciation and maintenance will be made on the basis of hours used to distribute General Overhead, using only the hours for the Activities to receive such charges. The prorated amounts will be reported in Regional Office columns by expenditures, maintenance, depreciation, adjustments and total. The Plains Shelterbelt Central Office is authorized to report such items as charges to No. 1 - General Administration.

The investment in "Regional Office Contribution to Investment Accounts" will be treated similarly to deferred accounts in writing the accrued charges into current year costs. This account will be reduced each year by 5% through adjustment, and this amount will be transferred through adjustment procedure to Activity Accounts 2 to 14, (17 in Regions 7, 8 and 9 only), 38, 39, and 41 to 51.1 on the basis of hours used in distributing General Overhead to these same accounts. Hours for No. 40 will be used also but the resulting amount will be reported as a charge to No. 39.

The Washington Office need not be furnished a copy of the Regional Office Form 43-c. Charges to Activity Account 47, Research, will be reported separately as, "Regional Office Research Unit."

When all Unit reports have been checked and verified the following will be necessary:

Regional Reconciliation Statement will be prepared on Forms 21-1 for the combined costs of Forests and Regional Office. The statement will follow the general outline of the sample on reverse of Forms 21-1. All adjustments reported in the statement must be itemized to show nature of transaction, Region or Unit and activity account affected. All transfers of Planting Stock, from Nurseries within the Region, to Units in other Regions, including Research Units, etc., will be reported in the Regional Reconciliation Statement as a plus transfer from the Nursery and a minus transfer to the other Region, Research Unit, etc. The receiving Region will treat the transaction as an inter-regional transfer. Transfers of Nursery Stock to a Forest within the same Region will be included as a plus transfer from the Nursery.

Activity Cost Statement, Form 43-e, sheet 1, will be prepared for Forests and Regional Office. This statement must agree in total with the Reconciliation Statement and will be prepared to show cost data for (1) each Division Account, Regional Office column only, and (2) each Activity and

Deferred Account for each Forest and the Regional Office, showing for each Division, Activity and Deferred Account separately the expenditures, maintenance, depreciation, adjustments and total.

Total of Division Accounts will be reported and immediately following the "Total" block there should be inserted the following: "Expenditures included above prorated below to Activity Accounts 2 to 14, (17 in Regions 7, 8 and 9), Regional Office Contributions to Investment Accounts 38, 39 and 41 to 51.1; maintenance, depreciation and adjustments included above prorated below to Activity Accounts 2 to 14, (17 in Regions 7, 8 and 9), 38, 39 and 41 to 51.1, on the basis of Forests' direct time charges to these accounts."

Sub-totals will be shown for Expense Accounts 2 to 14, Investment Accounts 20 to 37.2, and Regional Office Contributions to Investment Accounts, Protection Accounts 38 to 41, Cooperation and Miscellaneous Accounts 42 to 51.2 and Deferred Accounts. Grand Total Costs; Analysis of maintenance costs for Activities 15, 16 and 18 to 19.3, by activities and Forests; Total maintenance costs analysis, and Cost of Income producing Activity Accounts No. 2, 3, 4, 6, 8 and 10 will also be included.

Forms 43-e will not be required for Nurseries and Research Units but a copy of the Forms 43-c for each such Unit will be certified for submission.

The original of Forms 43-e neatly prepared by typewriter, pica type, with good ribbon suitable for photo-lithographing and with pages numbered in pencil, should be forwarded without folding to the Chief, Forest Service, so as to reach him on or before November 15.

The reports will be accompanied by:

- (1) Original of Regional Reconciliation Statement, on Forms 21-1.
- (2) Certified copy of Form 43-c for each Nursery and Research Unit.
- (3) Copy of Reconciliation Statement, Forms 21-1 for each Unit, including Forests, Nurseries, Research Units and Regional Office.
- (4) Original and one copy on Forms 469 of all reports on Repair Costs, Depreciation and Use of large equipment, including those on Regional Office Equipment.
- (5) Statement showing charges by States to Activity Expansion Account No. 44(b), Forestry Extension, Fulmer Act. Statement should show (a) Expenditures, (b) Maintenance, (c) Depreciation, (d) Adjustments, and (e) Total costs.

Regional Investment Statement.

A separate Investment Statement, Form 43-d, will be prepared for the Regional Office, which will include all Regionally owned investments such as Buildings, Equipment, Stores, Forest Highways, Miscellaneous Surveys and Plans, Deferred Charges, etc. "Regional Office Contributions to Investments" will be reported as such in the "Deferred" section.

After all Forest, Nursery and Research Unit Investment Statements are received and verified, combined statement will be prepared on Form 43-d, for Forests and Regional Office.

Combined reports will not be required for Nurseries and Research Units.

Form 43-f, Investment Statement Summary Work Sheet, may be used in summarizing the Unit Forms 43-d.

The Regional Statement Form 43-d, will be due in the Office of the Chief, Forest Service, November 15. It should be neatly prepared by typewriter, pica type, with good ribbon suitable for photo-lithographing.

The report will be accompanied by the original copy of the Investment Statement, Form 43-d, for each Forest, Nursery, Research Unit and Regional Office. All Forms 43-d should be forwarded without folding since they will be photo-lithographed.

The report will be accompanied by a Statement for Acquisition, State Forests, showing by (a) State Forest Units, (b) Sub-totals for States, and (c) Grand total, the data as called for by columns 1 to 4 inclusive on Form 43-d but showing separately for columns 1 and 4 the division between reimbursable and non-reimbursable; also showing separately in the case of column 3 the amount included representing "deposits" by the States. Acreage data as called for in columns 1 to 4 should also be included.

WASHINGTON OFFICE
ACTIVITY COSTS

Washington Office Unit.

The Washington Office Unit will follow the Regional Office procedure for converting Activity Expenditures to Activity Costs, Preparation of Reconciliation Statement and Form 43-c. A separate Form 43-c will be prepared for Washington Office Research Unit. All equipment, including Research Unit equipment, will be treated as a Washington Office Unit Investment. Any charges to Equipment accounts on the Research Unit Form 43 will be transferred to the Washington Office Unit by journal voucher.

Service Statements and Summaries.

Reports from Regions and Other Units will be checked when received. After checking has been completed, Forms 43-e, sheets 2 and 3 will be prepared for each Region by Forests and Regional Office and the following summary statements will be prepared, photo-lithographed and distributed to all Units as appropriate:

- (1) Reconciliation Statement showing (a) Regions and Washington Office, (b) Nurseries, (c) Research Units, (d) Plains Shelter-belt Project, (e) Emergency Conservation Work on other than National Forests Land and (f) Service Totals, following the sample on reverse of Form 21-1.
- (2) Computed Income by Regions and classes.
- (3) Costs by Activities by Regions and Washington Office.
- (4) Costs by Activities by Nurseries (including Commercial Nurseries by States).
- (5) Costs by Activities by Research Units.

- (6) Costs by Activities by State Shelterbelt Units.
- (7) Cost of Emergency Conservation Work on other than National Forest Lands, by States.
- (8) Analysis of Activity Costs by Regions and Washington Office; also Cost of Income Producing Activities and Analysis of Maintenance Costs.
- (9) Analysis of Activity Costs by Nurseries, including Commercial Nurseries by States; also Analysis of Maintenance Costs.
- (10) Analysis of Activity Costs by Research Units; also Analysis of Maintenance Costs.
- (11) Analysis of Activity Costs by State Shelterbelt Units; also Analysis of Maintenance Costs. (Use Forms 43-e, sheet 1, submitted).
- (12) Analysis of Costs, Emergency Conservation Work on other than National Forest Lands, by States.
- (13) Activity Unit Costs by Regions and Washington Office. (Forms 43-e, sheets 2 and 3).
- (14) Reconciliation Statement by Forests and Regional Office. Separate Statement for each Region.
- (15) Computed Income by Forests and classes. Separate Statement for each Region.
- (16) Cost by Activities by Forests and Regional Office. Separate Statement for each Region.
- (17) Analysis of Activity Costs for Forests and Regional Office. (Use Forms 43-e sheet 1 submitted). Separate Statement for each Region.
- (18) Activity Unit Costs by Forests and Regional Office. Separate Statement for each Region. (Forms 43-e, sheets 2 and 3).

Reports on Repair Costs, Depreciation, Use, etc., of large equipment received from the Regions and other Units will be forwarded to the Chief, Division of Engineering for verification and use.

INVESTMENTS

Washington Office Unit.

Form 43-d, Investment Statement, will be prepared for the Washington Office Unit following the procedure as prescribed for Field Units.

Service Statements and Summaries.

Investment Statements, Forms 43-d, from Regions and other Units, will be

checked when received. After checking has been completed, Service Summary Investment Statement and the several Comparative Statements of Improvement Costs, as outlined below, will be prepared, and the following statements will be photo-lithographed and distributed to all Units as appropriate:

- (1) Service Investment Summary, Form 43-d, including all Units.
- (2) Regional Investment Summaries, including only Forests and Regional Offices. Separate Form 43-d for each Region.
- (3) Nursery Investments. Separate Form 43-d for each Nursery.
- (4) Research Unit Investments. Separate Form 43-d for each Unit.
- (5) Plains Shelterbelt Project Investment Summary; also separate Form 43-d for each State Shelterbelt Unit.
- (6) Comparative Statement of Improvement Costs by (a) Regions and Washington Office, (b) Nurseries, (c) Research Units, (d) Plains Shelterbelt Project and (e) Service Totals.
- (7) Comparative Statement of Improvement Costs by Regions.
- (8) Comparative Statement of Improvement Costs by Nurseries.
- (9) Comparative Statement of Improvement Costs, by Research Units.
- (10) Comparative Statement of Improvement Costs, Plains Shelterbelt Project, by State Shelterbelt Units.
- (11) Forest Investments, by Forests, arranged in alphabetical order by Regions.
- (12) Comparative Statement of Improvement Costs by Forest and Regional Offices. Separate Statement for each Region.

Cumulative Cost and Investment Data.

Cumulative Cost and Investment data will be prepared; averages will be secured, preferably for five year periods, and the averages so secured will be included as a part of the photo-lithographed cost and Investment Reports.

Data for a full five year period will not be available until fiscal year 1939. In the meantime data should be obtained for a three year period and a four year period and used in lieu of five year data until the latter becomes available. Thereafter for succeeding year reports, the data for the oldest year will be dropped and those for the next preceding fiscal year included in securing new averages. Only the averages for the period covered and the current year data should be included in printed reports.

Cumulative data should be obtained in connection with the following statements.

- (1) Activity Costs

- (a) All Service Summary Statements
 - (b) Regional Statements as follows: (by Forest and Regional Offices)
 - (1) Income Statements
 - (2) Total Activity Cost Statements
 - (3) Unit Cost Statements
- (2) Investments
- (a) All Summary Statements of Comparative Improvement Costs.
 - (b) All Regional Statements of Comparative Improvement Costs (Forests and Regional Offices)

ANALYSIS OF ACTIVITY COSTS AND INVESTMENTS

It is the policy of the Service that its business shall be transacted as economically as practicable consistent with the purpose for which the National Forests were created. This does not mean necessarily that curtailment of expenditures is of prime importance. Rather, "economically" is here used in the sense that the relation between costs, and the value of public benefits produced, shall be the best obtainable under the existing conditions of Government management. This policy may result in increased expenditures in some instances as well as decreased expenditures in others. It is essentially a question of how and where funds shall be expended as well as how much.

The Activity Costs and Investments, as presented in the cost accounting records, are designed to assist in ascertaining to what extent Forest Service business is transacted economically and the factors of cost contributing thereto. For this purpose, all factors of cost are brought into consideration as accurately as practicable and allocated to periods in which the results from such costs accrue. For the cost accounting records to render assistance in making progress in better financial management, it is necessary to analyze the various cost factors and investments to ascertain their effect on the ultimate results. Some of the characteristics of these analyses may be as follows: (1) To show the effect of managerial actions on economical administration, (2) To show the effect of past financial outlays on current costs, and (3) To show the relation between costs and results.

Some analyses may be made that have application to nearly all Forests, Regions, and the Service as a whole. Most Units, however, will have special conditions in which there is opportunity to apply special analyses, and this should be done. In most instances analyses made on Forests will be by Ranger Districts. They may be maintained on a monthly or annual basis as needed. The Activity Costs and Investment records can serve their highest use through study and analyses designed to establish fundamental relationships or comparisons that will influence future managerial actions directed toward economical administration. It will be the aim to develop and maintain, for each unit of organization, continuing records of analyses that are of distinctive value in maintaining sound financial management. For the present, such analyses are not a standard requirement, but each Unit should develop as practicable.

The following are suggestions as to the kind of analyses of accounting data that may be made for this purpose. When practicable, each analysis should

be recorded in graphic or curve form and arranged so that it may be added to each year:

1. Percentage that total maintenance and depreciation costs included in resource activity costs are of the total resource activity costs, to show the effect of investments on costs. If maintenance and depreciation charges tend to increase proportionately more rapidly than other costs, consideration should be given to whether additional investments giving rise to these costs may be unwarranted or maintenance work accomplished more economically.
2. Percentage that total costs of producing income, not including protection costs, are of total income produced.

It is desirable that this relationship be as favorable as practicable. The effect of managerial actions directed toward economical administration, aside from protection costs, are reflected in this relationship and a continuous graphic record will show the extent of progress in improving it.

3. Percentage that costs of producing income for the several revenue-producing activities, i.e., Timber Sales; Forest Product Sales; Grazing, C. & H., Revenue; Grazing, S. & G., Revenue; Uses, Revenue, is of the income produced from these activities. The purpose is the same as under number 2, but in greater detail so that it may be ascertained in which activities the relationship is most favorable and whether efforts directed toward particular activities have been effective.
4. Percentage (when such costs have been ascertained through expansion accounts) that cost of an element of an activity, i. e., marking timber, scaling, travel time, taking grazing applications, etc., is of the total cost of the major activity concerned and of the income from that activity.

The purpose is the same as under numbers 2 and 3, but in still greater detail, so that a closer comparison may be obtained between costs and established standards.

5. Percentage that cost of General Overhead charged to more important activities is of the direct costs of such activities and of the income derived in the case of income producing activities. The more favorable the relationship maintained between these cost factors and between General Overhead costs and income, the more favorable relationship there will be between total costs and results produced.
6. Percentage that cost of maintenance and depreciation on classes of improvements is of the cost of such improvements.

This percentage will indicate in a general way what similar costs will be on proposed improvements of the same class, and assist in determining whether they may be expected to produce results commensurate with such costs. A reasonable amount of interest on such investments may also be considered in this

determination.

7. Comparison of unit production costs with unit income based on volume, i. e., M feet cut, number of head grazed, etc.

This will indicate how and to what extent the relationship between costs and income is affected by volume of income-producing units.

8. "Present Value" of the more important classes of improvements and investments by years, to indicate **trend** in such investments.
9. Comparison of purchases of equipment during the year with total depreciation of equipment.

This will indicate extent to which investment in equipment is increasing or decreasing.

As indicated in the above examples, the analyses to be made will depend on the administrative results sought. Such analyses permit of ascertaining which cost factors are of such amount or of such nature that the activities causing them may properly be subjected to administrative action that will obtain more favorable results. The cost accounting system is designed to furnish basic data for such analyses and other necessary accounting information from which it may be judged whether sound financial management is actually being obtained and, if not, what the **disturbing** factors are.

